THE EMPIRE CLUB

ADDRESSES 1977-1978

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The Empire Club of Canada
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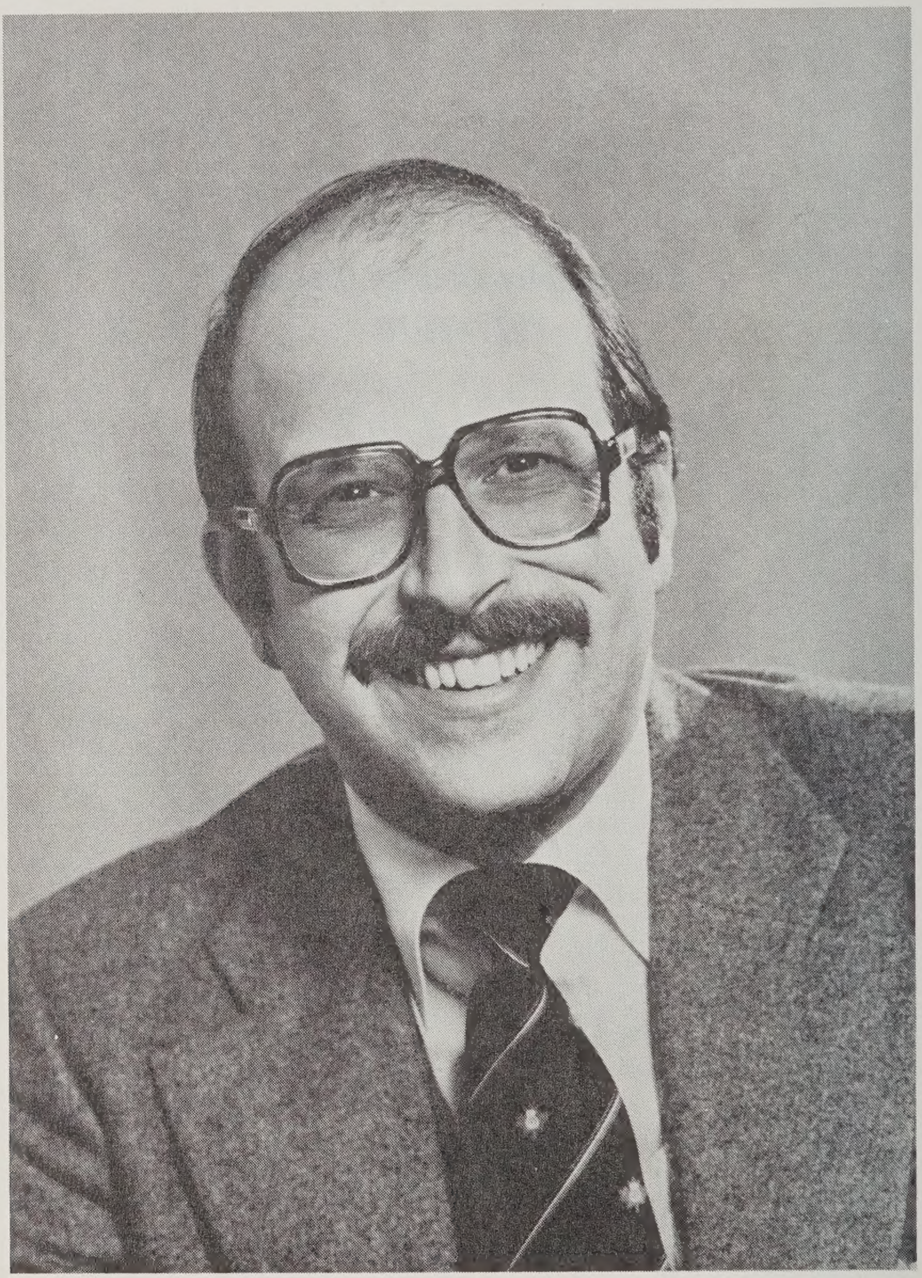

V. Tony Hauser

PETER HERMANT
PRESIDENT, 1977-1978

ADDRESSES 1977-1978

The Empire Club of Canada

SEVENTY-FIFTH YEAR

GOD SAVE THE QUEEN

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Preface

The Empire Club of Canada, with the financial support and co-operation of the Empire Club Foundation, is pleased to present its annual yearbook of speeches given to the club during the 1977-1978 season.

In accordance with its tradition, the club presented a balanced programme of addresses ranging over many of the areas which affect Canadian life. Naturally, the subject emphasis of each year varies with respect to those issues which seem to be most important and, as a result, the economy, government and Canadian nationhood were topics which appeared more often than others. Nonetheless, sports, arts and letters, and sociological problems were also exposed.

The great strength of The Empire Club of Canada and, to a large extent, the reason for its pre-eminence as a speakers' forum in the nation is its yearbook. It represents a first-person history of Canada and other nations in a direct and unedited form. It is important that this outlet for opinion be maintained and promoted. Long live "the empire of ideas".

Peter Hermant
President, 1977-78

The opinions and views expressed in the
addresses contained in this volume are those
of the speakers themselves and do not necessarily
carry the full or partial endorsement of
The Empire Club of Canada.

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The Empire Club of Canada
1977–1978

Her Majesty the Queen
Silver Jubilee 1977

MAY 19, 1977

Northern Frontier—Northern Homeland

AN ADDRESS BY Mr. Justice Thomas Berger

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: Our honoured guest today, Mr. Justice Thomas Berger, has been described by Vancouver columnist Allan Fotheringham as the most visible investigator since Eliot Ness. His ratings in recent days have been the envy of any television producer.

As we are all aware by now, Judge Berger has been conducting, over the past three years, an inquiry into the feasibility and consequences of building pipelines from the shores of the Arctic Ocean, down through sections of the Yukon Territory and the Northwest Territories, to tie in with existing pipelines that service the southern Canadian and United States markets. Since the Berger Report was tabled in Parliament on Monday, May 9th, we have all read and heard a great deal about the results and the reactions to the enquiry, but I am sure that Judge Berger will want to mention one or two things about that today. One thing that is overridingly evident, however, is that this commission, more than many others, has taken on a personality of its own, partly because of the nature of the material being discussed but also partly because of its author.

Judge Berger was born in Victoria, British Columbia, and is the son of an RCMP officer there. He spent part of his boyhood on the prairies in Regina and Prince Albert and then returned to British Columbia to study law at the University of British Columbia—and here I cannot pass without saying a silent "Hail U.B.C." to my own alma mater. He was called to the bar in B.C. in 1957 and entered the practice of law. Within five years some of his cases had set legal precedents and he found himself already in the public eye. He defended Indian bands in British Columbia over reserve rights to timber, hunting and fishing and represented the Métis and Indian trappers of the Athabaska Delta in a dispute with British Columbia Hydro over muskrat hunting grounds.

Following what many consider to be a normal process, he entered politics and was elected as a New Democratic Member of Parliament—spending a year in Ottawa. He soon returned to British Columbia where he won a seat in the Legislature in 1966 and for a brief time was leader of the British Columbia NDP, preceding David Barrett.

In 1971, at the tender age of 38, he was appointed to the Supreme Court of British Columbia, an appointment which apparently surprised him as much as it did many others. He was named to conduct the Inquiry which bears his name in March 1974. He has obviously become intensely and personally interested in his task. He has used freighter canoes, float planes and helicopters to conduct hearings in twenty-eight Arctic settlements. He has listened to hours of testimony in English, French, Slavy, Dogrib, Chipewyan, Hair, Loucheux, and Inuktitut. He has, in his own words, "had a beer in just about every town we visited". He has talked with natives in their homes until 5:00 a.m. and he and his wife, Beverley, have spent months travelling in the north chatting, sipping tea and eating with the people there. He has visited on his own, privately, Fort Good Hope, Fort Norman, Fort Franklin, Fort Providence, Hay River, Fort Smith, Old Crow, Fort McPherson, and the Arctic Red River—names most of us have never heard, let alone visited, but names that make up the fabric of the north.

Judge Berger's grandfather was a magistrate in Göteborg, Sweden; his daughter, Erin, I am told, is a formidable opponent at tennis and he has been known to spend what free time he has introducing his son, David, to the wonders of the Marx Brothers at an art film house in Vancouver. He has said of his own enquiry that, "It's the biggest job of my life. The word challenge is terribly overworked but if you have an assignment that stretches your capabilities to their fullest—well, that's something that may not occur much in one's life."

Ladies and gentlemen, the subject of Canada's north is one that has mesmerized and fascinated hundreds of people but few have approached the subject with more personality than Mr. Justice Thomas Berger. In a lecture at Queen's University in November of 1975, Judge Berger summarized his remarks with words that bear repeating here.

"We Canadians think of ourselves as a northern people. Maybe we have at last begun to realize that we have something to learn from the races of people who have managed to live for centuries in the north, people who never did seek to change the environment but rather to live in harmony with it. Maybe we have begun to realize we have something to learn from those who have gone north from southern Canada to make the north their home. And maybe it is time the metropolis listened to the voices on the frontier; time the metropolis realized it has something to learn from Old Crow and Hay River. Because what happens in the north will be of great importance to the future of our country. It will tell us what kind of a people we are. F. R. Scott once described the north as an arena large as Europe, silent, waiting the contest. The contest has begun. And it is our responsibility to see that the north and its peoples are not the losers in that contest."

Ladies and gentlemen, it is an honour to ask Mr. Justice Thomas Berger to address us on the topic "Northern Frontier—Northern Homeland".

MR. JUSTICE BERGER:

Ladies and gentlemen: The Mackenzie Valley Pipeline Inquiry may well be unique in Canadian experience, because for the first time we have sought to determine the impact of a large-scale frontier project before and not after the fact.

Two pipeline companies, Arctic Gas and Foothills Pipe Lines, are competing for the right to build a gas pipeline to bring natural gas from the Arctic Ocean to the mid-continent. The government of Canada established the inquiry to see what the social, economic and environmental consequences would be if the pipeline were built, and to recommend what terms and conditions should be imposed.

Let me repeat those words: social, environmental and economic impact. I dare say they confer as wide a mandate upon the inquiry as any government has ever conferred upon any inquiry in the past.

We have been told that the Arctic Gas pipeline project is the greatest project, in terms of capital expenditure, ever undertaken by private enterprise anywhere. We have been told that if a gas pipeline is built it will result in enhanced oil and gas exploration activity all along the route of the pipeline, throughout the Mackenzie Valley, the Mackenzie Delta and the Beaufort Sea.

But the gas pipeline, though it is a vast project, is not to be considered in isolation. The government of Canada, in the Expanded Guidelines for Northern Pipelines (tabled in the House of Commons on June 28th, 1972) made it clear that the enquiry was to consider what the impact would be if the gas pipeline were built and were followed by an oil pipeline.

So I had to consider the impact on the north of an energy corridor that would bring gas and oil from the Arctic to the mid-continent. In fact, under the Pipeline Guidelines, I had to consider the impact of the project on *two* corridors, one corridor running from Alaska across the northern Yukon to the Mackenzie Delta, and a second corridor from the Mackenzie Delta along the Mackenzie Valley.

This may well be the most ambitious attempt we have ever made to evaluate change before that change occurs, to

Mr. Justice Thomas Berger and the President of the Empire Club, Peter Hermant

determine whether it ought to occur and, if it is to occur, how its adverse consequences may be mitigated.

My report has been handed on to the government. It deals with many subjects. I propose today to deal with environmental impact.

It isn't easy to predict environmental impact. Environmental impact may not be sudden and dramatic; it is more likely to be slow and cumulative. We've heard the evidence of a host of distinguished experts in the field. As you might expect, they don't always agree.

The northern environment has been described as fragile. It may or may not be. Certainly northern species have to be hardy to survive. But the fact is that many northern species are vulnerable at certain times of the year. The question is, what will be the environmental impact of the pipeline?

A gas pipeline will entail much more than a right of way.

It will be a major construction project across our northern territories, across a land that is cold and dark in winter, a land largely inaccessible by rail or road, where it will be necessary to construct wharves, warehouses, storage sites, airstrips—a huge infrastructure—just to build the pipeline. There will have to be a network of hundreds of miles of roads built over the snow and ice. Take the Arctic Gas project: the capacity of the fleet of tugs and barges on the Mackenzie River will have to be doubled. There will be six thousand construction workers required north of 60 to build the pipeline, and twelve hundred more to build the gas plants and gathering systems in the Mackenzie Delta. There will be 130 gravel mining operations. There will be six hundred river and stream crossings. There will be pipe, trucks, heavy equipment, tractors and aircraft.

The history of North America is the history of the frontier: of pushing back the wilderness, cultivating the soil, populating the land, and then building an industrial way of life. The conquest of the frontier in North America is a remarkable episode in human history, and it altered the face of the continent. The achievement was prodigious, and there is no need here to tell how transportation networks were evolved, cities founded, industries established, commerce expanded, and unparalleled agricultural productivity developed. The super-abundance of land and resources gave rise to a conviction that the continent's resources were inexhaustible.

Thus a particular idea of progress is firmly embedded in our economic system and in the national consciousness; but there is also in Canada a strong identification with the values of the wilderness and of the land itself. No account of environmental attitudes would be complete that did not recognize this deeply felt, and perhaps deeply Canadian, concern with the environment for its own sake. The judgement of this inquiry must, therefore, recognize at least two sets of powerful, historically entrenched—but conflicting—attitudes and values.

In recent years, we have seen the growth of ecological awareness, and a growing concern for wilderness, wildlife resources and environmental legislation that parallels—although it does not match—the increasing power of our technology, the consumption of natural resources, and the impacts of rapid change. There are situations in which the two sets of attitudes and values simply cannot be reconciled. The question then turns on the depth of our commitment to environmental values when they stand in the way of technological and industrial advance.

This opposition of views is particularly clear in the north. The northern native people, along with many other witnesses at the inquiry, insisted that the land they have long depended upon will be injured by the construction of a pipeline and the establishment of an energy corridor. Environmentalists pointed out that the north, the last great wilderness area of Canada, is slow to recover from environmental degradation; its protection is, therefore, of vital importance to all Canadians. It is not easy to measure that concern against the more precisely calculated interests of industry. But we must try and face the questions that are posed in the north of today: Should we open up the north as we opened up the west? Should the values that conditioned our attitudes toward the environment in the past prevail in the north today and tomorrow?

Let me be clear about the importance that I accord to wilderness. No one seeks to turn back the clock, to return in some way to nature, or even to deplore, in a high-minded and sentimental manner, the real achievements of the industrial system. Rather, I suggest that wilderness constitutes an important—perhaps an invaluable—part of modern-day life; its preservation is a contribution to, not a repudiation of, the civilization upon which we depend.

Wallace Stegner wrote in 1960:

> Without any remaining wilderness we are committed . . . to a headlong drive into our technological

> termite-life, the Brave New World of a completely man-controlled environment. . . . We simply need that wild country . . . (as) part of the geography of hope. (Cited in W. Schwartz, *Voices for the Wilderness*, p. 284.)

Make no mistake, the environmental issues at stake cannot be sloughed off. Remember, the north really is our last frontier: after we have passed this frontier, there is no other frontier beyond.

The north is immense. But within this vast area are tracts of land and water that are vital to the survival of whole populations of certain species of mammals, birds and fish at certain times of the year. This concern with critical habitat lies at the heart of my consideration of environmental issues.

Let me outline some of the environmental questions that I have tried to come to grips with in the report, and that the government of Canada, and all Canadians, must now consider.

Our national parks legislation, as it now stands, is not adequate to preserve northern wilderness areas, which, if they are to be preserved, must be withdrawn from any form of industrial development. That principle must not be compromised. It is essential to the concept of wilderness itself as an area untrammeled by industrial man.

We should include in our National Parks Act a provision for a new statutory creation: the wilderness park. It would consist of land to be preserved in its natural state for future generations. Wilderness legislation has already been in existence in the United States since 1964.

I have urged that the northern Yukon be designated a national wilderness park. Let me tell you why: the northern Yukon is an arctic and subarctic wilderness of incredible beauty, a rich and varied eco-system: nine million acres of land in its natural state, inhabited by thriving populations of plants and animals. This wilderness has come down through the ages, and it is a heritage that future generations, living in an industrial world even more complex than ours, will surely cherish.

If you build a pipeline from Alaska along the Arctic coast of the Yukon you will be opening up a wilderness where the Porcupine River caribou herd calves every summer. This is one of the last great herds of caribou, 110,000 animals, in North America.

In late August, as many as 500,000 snow geese gather on the Arctic Coastal Plain to feed on the tundra grasses, sedges and berries, before embarking on the flight to their wintering grounds. They must build up an energy surplus to sustain them, indeed, so must all other arctic waterfowl and shorebirds store up energy for their long southward migration to California, the Gulf Coast, or Central and South America.

The peregrine falcon, golden eagle and other birds of prey nest in the northern Yukon. These species are dwindling in numbers because of the loss of their former ranges on the North American continent and because of toxic materials in their food. Here in these remote mountains they still nest and rear their young, undisturbed by man.

One-fifth of the world's whistling swans nest along the Arctic coast of the Yukon and in the Mackenzie Delta region. The Old Crow Flats, and the Arctic Coastal Plain provide critical habitat for other waterfowl, including canvasback, scaup, scoter, wigeon, old squaw and mallard. These northern wetlands are particularly important during years of drought on the prairies. Then the waterfowl flock north in much larger numbers than usual, and are thus able to survive to breed again in the south in more favourable years.

You will find polar bear on the ice along the coast, the barren-ground grizzly on the open tundra, and the black bear around Old Crow Flats. You will find moose and Dall sheep, wolf, fox, beaver, wolverine, lynx and, of course, muskrat.

Thus the proposal by Arctic Gas to build a pipeline across the northern Yukon confronts us with a fundamental choice. It is a choice that depends not simply upon the impact of a pipeline across the northern Yukon, but upon the impact of the establishment of a corridor across it.

This eco-system, with its magnificent wilderness and scenic beauty, has always been protected by its inaccessibility. With pipeline construction, the development of supply and service roads, the intensification of the search for oil and gas, the establishment of an energy corridor, and the increasing occupation of the northern Yukon, it will no longer be inaccessible to man and his machines.

I also recommended that a whale sanctuary be established in Mackenzie Bay. In summer the white whales of the Beaufort Sea converge on the Mackenzie Delta to calve. The herd—some five thousand animals—remains in the vicinity of the Delta throughout the summer, then leaves for the open sea. For these animals, the warm waters around the Mackenzie Delta, especially Mackenzie Bay, are critical habitat, for here they have their young. Nowhere else, so far as we know, can they go for this essential part of their life cycle. We must preserve these waters from any disturbance that would drive the whales from them.

If the pipeline is built, there will be increased oil and gas exploration and development in the Beaufort Sea. This development, both near the shore and offshore, will have a large impact on the whale population, greater in the long run than that of the pipeline itself.

Dr. David Sergeant, summarizing his evidence to the inquiry, stated:

> . . . the population of white whales which calves in the Mackenzie is virtually the whole of the population of the Beaufort Sea. I postulate that simultaneous oil and gas activities throughout the whole

> Delta in July each year could so disturb the whale herd that they would be unable to reproduce successfully. In time, the herd would die out. If we wish to maintain the herd, we must initiate measures now which we can be certain will allow its successful reproduction annually.

Is a whale sanctuary in west Mackenzie Bay a practical proposition? What will its effect be on future oil and gas exploration? Will it impose an unacceptable check on oil and gas exploration and development in the Mackenzie Delta and the Beaufort Sea? We are fortunate in that the areas of intense petroleum exploration, to date, lie east of the proposed whale sanctuary, both offshore and onshore. If this trend continues, then a whale sanctuary can be set aside, and oil and gas activity can be forbidden there without impairing industry's ability to tap the principal sources of petroleum beneath the Beaufort Sea.

Thus the trend of exploration appears to offer us an opportunity to set aside certain offshore waters as a whale sanctuary, but this trend is by no means a certainty. In the final analysis, the government of Canada will have to decide whether or not to protect this herd of whales. If we decide to protect them, we must establish a sanctuary that will be inviolate regardless of the prospects for oil and gas discoveries. Once a discovery were made within the sanctuary, it would be difficult to resist the urge to look for other reserves near it. We must decide whether we are going to protect these animals or not. If we are going to protect them, we must establish a whale sanctuary now.

We look upon the north as our last frontier. It is natural for us to think of developing the north, of subduing the land, populating it with people from southern Canada, and extracting its resources to fuel Canada's industry and heat our homes. Our whole inclination is to think in terms of expanding our industrial machines to the limit of our country's frontiers.

We have never had to consider the uses of restraint, to determine what is the most intelligent use to make of our resources. The question is, are we serious people, willing and able to make up our own minds, or are we simply driven by technology and egregious patterns of consumption, to deplete our energy resources wherever and whenever we find them?

I do not want to be misunderstood about this.

I am not proposing that we shut up the north, as a kind of living folk museum and zoological gardens.

I have proceeded on the assumption that, in due course, the industrial system will require the gas and oil of the western Arctic, and that they will have to be transported along the Mackenzie Valley to markets in the south. I have also proceeded on the assumption that we intend to protect and preserve Canada's northern environment, and that, above all else, we intend to honour the legitimate claims and aspirations of the native people. All of these assumptions are embedded in the federal government's expressed northern policy for the 1970s.

I have sought to reconcile these goals: I proposed a wilderness park in the northern Yukon and urged that no pipeline cross it, but at the same time I indicated that the Alaska Highway route, as a corridor for the transportation of Alaskan gas to the Lower 48, was preferable from an environmental point of view.

I proposed a whale sanctuary, but I limited its boundaries to waters where no discoveries of gas or oil have yet been made.

I have recommended the establishment of bird sanctuaries in the Mackenzie Delta and the Mackenzie Valley. Oil and gas exploration and development would not be forbidden within these sanctuaries, but it would be subject to the jurisdiction of the Canadian Wildlife Service.

I have advised the government that a pipeline corridor is feasible, from an environmental point of view, to transport gas and oil from the Mackenzie Delta along the

Mackenzie Valley to the Alberta border. At the same time, however, I have recommended that we should postpone the construction of the pipeline for ten years, in order to strengthen native society, the native economy—indeed, the whole renewable resource sector—and to enable native claims to be settled.

I am not urging that we dismantle the industrial system. It has been the means to the well-being of millions, and an engine of prosperity for our country. But I do say that we must pause, and consider, to what extent our national objectives are determined by the need for the care and feeding of the industrial machine. Do we control it, or does it control us?

We believe in an ever-expanding cycle of growth and consumption. I think the time is coming when we must reconsider this view. It is not only we in the industrial democracies who are being urged to do so.

The issues are in fact profound ones, going beyond the ideological conflicts that have occupied the world for so long, conflicts over who was going to run the industrial machine, and who was going to get the benefits. Now we are being asked, how much energy does it take to run the industrial machine, where does the energy come from, where is the machine going, and what happens to the people who live in the path of the machine? The government has said to the inquiry: tell us what measures will protect those people, their environment and their economy.

The time is soon arriving when we must make up our minds. We will have to make some hard and painful choices. I urge that we all bear in mind that the views of those who support the pipelines are views held in good faith, and that the views of those who oppose it are held in good faith, that there is such a thing as an honest difference of opinion.

Of course all that I can do is to report on the impact the pipeline and the energy corridor will have on the north, and to recommend the terms and conditions under which the pipeline should be built, if it is to be built.

It will be for the National Energy Board to consider the question whether Canada's demand for gas requires the building of a pipeline to bring frontier gas to market.

It will be for the government of Canada, when they have my report before them, and the National Energy Board report, to weigh Canada's need for frontier gas, and the impact of construction of a pipeline and the establishment of an energy corridor on the north and on northern peoples, and then to decide whether a pipeline should be built, where it should be built, when it should be built, and who should build it. These are political decisions, to be taken by those who have been elected to make such decisions.

The appreciation of the audience was expressed by Mr. William M. Karn, Immediate Past President of The Empire Club of Canada.

AUGUST 31, 1977

The Lord Mayor of London

AN ADDRESS BY The Right Honourable,
The Lord Mayor,
Commander Sir Robin Gillett, Bt.

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: Our honoured guests this evening, the Lord Mayor of London, and his wife, the Lady Mayoress, have a remarkable number of ties to Canada. Sir Robin Gillett served with the Canadian Pacific Steamship Company from 1943 to 1957; Lady Gillett was educated at a French-speaking school and still regrets the fact that she is not bilingual!

These two facts aside, the Gilletts have Canadian relations, Canadian relatives, and extremely close ties to both the Commonwealth and the Empire Club of Canada. I am sure Sir Arthur Chetwynd will elaborate on these themes later in the evening and I would not wish "to stand on his lines" as they say in the theatre.

But there are many more coincidences in the Lord Mayor's life than his one-time employer and his Canadian relationships. He was born on Lord Mayor's day and is the son of a former Lord Mayor of London. Fate would seem to have been on his side.

It appears only natural then that Sir Robin Gillett would one day inhabit the Mansion House as the Lord Mayor of London. As a matter of fact, when he actually entered the famed residence this year, the event coincided with his 55th birthday and I wouldn't have said that, Sir, if it hadn't been included in your public relations release.

But what of the background of the Lord Mayor? He has always been a sailor and loved the sea which is not surprising considering that at least one of his ancestors sailed with Nelson. Sir Robin Gillett trained at the Nautical College, Pangbourne, where he was the chief cadet and captain of the fencing team—a perfect combination for a budding Errol Flynn.

While with Canadian Pacific, he rose to the rank of staff commander—the youngest ever to hold that post at that time and before that, during the war, he ferried troop convoys through the Atlantic and the Mediterranean. But the profession of seamanship was not a lasting one and after serving aboard such famous vessels as the *Empress of Scotland* and the *Empress of Britain*, he entered the City of London in 1960, with the famous insurance firm of Lloyds of London.

His administrative and personnel talents were instantly and politically recognized because he was elected a common councillor for the City's Bassishaw Ward in 1965 and four years later, Alderman. And once again coincidence raises its head, for the same ward had been represented by his father, Sir Harold Gillett. Combining their service to the people of the area, it totals more than fifty years.

As the 649th Lord Mayor of London, Sir Robin Gillett found himself recently in the world's eye when he introduced the Queen on Silver Jubilee Day in the Guildhall of the City of London—television coverage reached more than five hundred million people and will always be remembered by those who saw it.

And speaking of the Silver Jubilee, I cannot refrain from quoting a few lines from *Times*' reporter Neville Hodgkinson's analysis of the events of June 6th, 1977, entitled "Britain celebrates strength of monarchy". After listing two and a half columns of the woes which have befallen Britain in recent years, he suddenly shifts to the positive by listing the following facts: four British households out of five live in a house as opposed to a flat; central heating is standard in new houses; nine households in ten have a vacuum cleaner; more than two in three, a washing machine; more than four out of five, a refrigerator; 95% of households have a television set; Britons in 1977 will take forty-eight million holidays—almost as much as the Canadian strike rate; two-fifths of Britons visit their public houses for a drink and a chat on a regular basis; about one-fifth take part in other sports and games; well over half of all households have a car, more than a quarter a dog, and one in five, a cat; half the nation has a hobby.

Sir Robin Gillett is clearly in the half that has a hobby.

To quote his biography, "Throughout his life, Sir Robin Gillett has been prepared to seize the initiative wherever the opportunity arose, a characteristic reflected in his signature today which he precedes with a small robin. A bright bird, the robin, with quick eye and lively sense of humour, strongly territorial and liable to be very aggressive if his territory is threatened."

Well, Sir, I should say the City of London is in good hands and I would now ask the Lord Mayor of London, Sir Robin Gillett, to address us.

SIR ROBIN GILLETT:

Your Honour, Your Grace, Your Worships, distinguished guests, ladies and gentlemen: It is with some trepidation that I speak to the Empire Club. I have read the tome that you publish year by year, showing lists of distinguished speakers and what they said. I hope I am not going to say anything out of place. I merely feel that the Archbishop of Canterbury could probably say it better. I was really surprised and somewhat alarmed to find him on the guest list. Not, you understand, that I have any personal animosity to his Grace. It's just that he continually listens to me back home in the City of London. I thought that for once, apart from my permanent captive audience, the Lady Mayoress, I would have fresh fields to plough tonight. Perhaps, since the Jubilee, I could claim that we are the best double-act in the business.

Before I go any further, may I thank you for those beautiful cufflinks, and whatever it is the Lady Mayoress got, which she hasn't let me see, but which doubtless was equally extravagant and pleasing. The warmth of the welcome that we have had in Canada in general and Toronto in particular has been really overwhelming.

I would like, however, to correct one small mathematical error in the curriculum vitae that was produced just now by Mr. Hermant. His wife tells me he wasn't much good at math. It is fifty-*one*, not fifty-five! I just look fifty-five.

I spoke, as some of you will know, today at the CNE luncheon, as a sort of surprise witness, and I was asked to speak about the Silver Jubilee, so here I won't say much about the Jubilee, because some of you were at the lunch. I thought it might be interesting to you in the far-flung wilds of the woolly west to know why the Lord Mayor should be in Toronto, apart from the fact that he is having a jolly good dinner, why he is swanning around the world, what is a Lord Mayor and what does he do.

You can look at the very excellent brochure, the handout. If you want to break off now and read that instead I shan't mind. It has a few illustrations which may amuse those of you who can't read in this light, including one of my little pad. Many people haven't seen the Mansion House. It's really quite cosy.

The Lord Mayor is slightly different from other animals, as far as the mayoral set is concerned, certainly in the U.K. and in my experience anywhere else. The fact that we were the first, and haven't changed, and that everyone else is out of step, is neither here nor there. As you will see in the brochure, we started quite a long time ago. We had our first Mayor in 1192. As Mr. Hermant said, I am the 649th Lord Mayor of London. Those who are good at math will know that adding 649 to 1192 does not come

The President, the Honourable Pauline McGibbon, Lieutenant Governor of Ontario and Sir Robin Gillett

to 1977. This is because the first chap did about twenty years, until they decided that that wasn't a very good idea. King John, in an attempt to buy the citizens of London off his back, because they were supporting the barons and making him seal Magna Carta, offered them a new charter in which he restored and confirmed all their rights and privileges, and also the right to elect a Mayor each year. One imagines that the citizens were getting a bit suspicious that a "cult of individuality", as the Russians would say, was creeping in, and it might not be long before the King started trying to *appoint* the Lord Mayor. So ever since then, we have elected a new one each year. There have been some who have done it more than once, but seldom, if ever consecutively and not very often.

One of the reasons that we continue to indulge this practice—which is common I may say in England where mayors normally only serve for a year—is to avoid a cult of personality. It is the office that matters and not the man. I would hope that in a year or two, when somebody says "Who was the Lord Mayor in 1976-77?" they won't remember. The important thing is that there was and had been for nearly eight hundred years and hopefully for another eight hundred, a Lord Mayor. And that's really how it's kept going. It is not the individual personality. We don't want very good ones and then very bad ones, but we want people who will consistently support the office.

What is this office? What is it all about? It has changed, as other things have changed, over the years. I think we have been able to keep it alive, much in the same way as the Monarchy is being kept alive by subtly adapting it all the time, as we go along, without having any dramatic revolutionary changes. The role of the Lord Mayor of London today is very different to what it was fifty years, a hundred years, seven hundred years ago.

In the past, he was a fairly political animal. London was a political place. The City of London, the "City of the square mile" as we call it, today of course is just in the middle of Greater London, but it was once all that there was. So when we talk of London, that is the City of London. It was a place of great liberalism. It had always been a seat of democracy. Democratic government, as given to England, was modelled on the City's constitution. It spread out through the world to be known as the Mother of Parliaments. I suppose you could call us, in the Corporation, the Grandmother of Parliaments.

But the citizens were always a pretty Bolshy lot, not taking kindly to the rule of princes and kings, and having, since 1192, elected their own head of state to protect their interests. And so the development of political life in England was very much bound up with the development of political thought in the City of London. It would be wrong to pretend that the Mayoralty has always been nonpolitical. After all, John Wilkes was one of our Lord Mayors, and one could hardly say that he was nonpolitical! Or even Mayor Walworth, I suppose, who stabbed Wat Tyler in the Peasants' Revolt.

But since the beginning of this century, we have assumed a different role. Nowadays, the Lord Mayor is strictly nonpolitical, as is the Common Council, that is the Corporation, the elected Council of the City of London. It is surrounded now, as you know, by what we call Greater London, comprising thirty-two independent, autonomous boroughs and cities with the City of London at the centre. These are without exception governed on party-political lines, as is the Greater London Council itself. The City of London alone has remained nonpolitical. We are all, I suppose you would say, independents. It is easy for the City to remain nonpolitical because we do not have the social problems which generate party-political and ideological thought. We have no housing problem, we have no schools other than those that we support, we have very few people. Five thousand sleep there by night, half a million work there by day. We have now become the financial centre, not only of our country, but I would suggest of the world. So we have different problems from the rest of the boroughs. They go home to their dormitory boroughs and towns, and that is where their social problems are and that is where they are solved by their local authorities, largely along party-political lines. This, I think is a pity. I don't advocate party politics getting so far down into local government, but it is a fact of life.

But because the Corporation has been able to maintain its nonpolitical flavour and the Lord Mayor as its head has no political strings, in this day and age he is used very much as a roving ambassador and a host. Regardless of the political persuasion of the government in power, all recognize the value of this. And so without lèse-majesté, during our year of office we are used as a sort of mini-royalty, where it is neither convenient nor suitable to send a member of the Royal Family. Quite often at the Foreign Office's request, the Lord Mayor of London will go on a city-to-city visit, principally as an ambassador of good will. International friendships, like private friendships, need to be kept constantly alive if they are not to wither and die, and so frequent visiting by what the media nowadays call VIPs is important. I once thought that it wasn't, that it was a waste of time and money, until as a sheriff I started doing it with my then Lord Mayor and I soon began to realize the amount of good that these visits overseas and the hosting of inward missions did for international relations.

I would not deny that there is also a slight vested interest in it. Representing as I do a trading city, I get the opportunity when I am overseas to speak to Chambers of Commerce and businessmen, and I do a little hard sell for the services that my city has to offer. But principally the travelling is for good will and good relations. I am not troubled by members in my Council leaping to their feet and saying, "You mustn't go to Country X. We don't approve of the politics of Country X." Or the other side getting up and saying, "Well, you're not going to Y either, because *we* don't like their politics." Nor are the inward missions, the heads of states to whom the City acts as host, hampered by such considerations either. If the Queen is prepared to receive them, or the government of the day, then so are we, because it has always been the policy of the City to help the government of the day regardless of its political persuasion. We reserve the right to criticize, certainly, and do criticize parties of both political persuasions. If we think they are going off the rails, we'll be the first to say so. But not to actively get in their way, get under their feet, or try to obstruct what they are trying to do to rule the country. They have been elected democratically so to do, and it is our job to give them support. I only wish that everybody felt the same way and we might get a few more things done.

So that is why I find myself here. Not directly, because this is not an "official" visit. I haven't come with sword and mace and sheriffs and chief commoners and other funny things, as I would have had it been official. That finished in Hong Kong. I have been to Singapore, Djakarta, Manila and Hong Kong as part of the official visit, and then because Canadian Pacific asked the Lady Mayoress to launch a ship for them in Japan, it was logical to continue and as I had never seen the west coast of Canada, or in fact anywhere west of Montreal, I took eagerly their offer to bring us home this way.

But whether it is official or whether it isn't, your hospitality has been the same and also my pleasure at being here.

It's a pity in a way that I haven't brought some of the funny gear. It's often thought, I think, that the Lord Mayor of London spends his time poncing around in medieval drag. Don't mistake me. I am not mocking the ceremonial one bit. I'm very fond of it. I believe in it, because it is an outward and visible sign of the things that the City stands for. I find that this is something that is lacking in other parts of the world. Other people have thrown away the baby with the bath water all too often in a desire for reform. They have swept away what they consider the outmoded trappings of the past. These trappings may be of the past but they are not outmoded. They serve to remind us, both the wearer and the observer, of traditions stemming far back into our history. They are good traditions. We preserve nothing in our City which is not good to preserve.

I have only with me, I'm afraid, one small sample of the City regalia and it isn't even the real one. I'm not allowed to take the real City jewel, or the chain or the sword or the mace for that matter, outside the City. It's not that we think you'll pinch it, but nowadays we travel around by plane and if the airplane falls out of the sky, the Lord Mayor is replaceable but not the regalia.

This is known as the City jewel. There are 243 diamonds. It has, surrounding a sardonyx cameo the City's coat of arms, the City's motto: *Domine direge nos*, Lord, direct us. In fact that is the prayer that we use before every Common Council meeting. The Lord Mayor rises and gives that as our prayer. It's a pity I haven't got the chain, because I think the chain is the more interesting piece of the regalia. It was made in 1802, after a fiddling around for a couple of centuries deciding what to hand from the magnificent Collar of Esses, as it is called.

The chain consists of ten Tudor roses and knots and a little portcullis in the front. It was left to the City in the will of Lord Mayor Aylin in 1545, who said it was to be used as the Lord Mayor's chain in perpetuity. We think it was made in 1520. In any case, it was made in Henry VIII's reign and it has been used ever since and at home I wear it every day! Living history.

We don't lock up our history and put it in museums. We use it. The gold plate, the swords, the mace—the pearl sword that I used for the Jubilee—believed to have been presented to the City by the first Queen Elizabeth. The mace is quite new—1751. That's because in those days the mace-bearer used to ride a horse, and if he thought he was going to fall off, if the horse shied at a fractious crowd or something, he dropped the mace first and held on. These things are used each day, as they have been back through the centuries.

When I have that chain round my neck, I am conscious of history and the City that I represent and its traditions. I draw a source of power from it, I suppose. So I don't think it is a lot of archaic nonsense, as some in our country would have it. What is important is that the man inside the clothes is a real man and believes in what he's doing.

You might say that the uniform of the RCMP is out of date. It stems from an earlier age and to keep it would be meaningless if the men inside it were not real policemen—if they were students or actors dressed up for ceremonial occasions whilst the real policemen were dressed in something else and doing the job. Then I would say "Away with it!" It's the same with the Trooping of the Colour. Men in Crimean-type uniforms, parading around, would be meaningless if they were not real soldiers inside, perhaps just back from Northern Ireland or off to serve in Germany. It is the same with our uniforms. If I were a young, dynamic, forward-looking, cuddly city businessman underneath my tricorn hat with its ostrich feathers, then the thing would be a charade. But it isn't, because I'm not.

I hope I have described a little of what a Lord Mayor does, and why. Let me close by going over just a little of the ground of the Jubilee. Most of you, I think, saw it. Many of you heard me describe, in a fairly intimate way, my personal impressions of it at lunch today.

Let me just take the part that I really will always remember—the Walkabout—and leave out the ceremonial, the sword, the lunch at Guildhall, leave out the contribution of his Grace, that marvellous sermon at the St. Paul's service. Because it is the Walkabout which will live in my memory forever. To be privileged to walk with one's sovereign through her people, and to be, almost at first hand, on the edge of the beam if not absolutely in the focus of that astounding love and affection which came out in waves from the people assembled down Cheapside, that was something that I will never forget. It wouldn't have mattered if there had been no flags at all. The people themselves provided all the decoration that was necessary. And (I didn't believe this until I ran the videotape to check) there wasn't a policeman within two hundred yards of the Queen and myself in either direction. They melted away as she approached, and they only returned after the procession had passed to make sure the crowds didn't hurt themselves on the barriers.

I said to a young policeman, "Did you have a good view? Were you on duty somewhere where you could see the Queen on Jubilee Day?" And he said, "No. We were all told to get out of it." I thought this was a bit strange, so I asked the Commissioner of Police, "Were there no policemen?" And he said, "No, there weren't. The Queen doesn't like having policemen near her when she's doing a Walkabout. She thinks they get in the way! They're taken out well ahead of her, and they only return once she has passed."

Now that tells us something. Where else in the world would a head of state walk so freely amongst her people? There was no need for any policemen because they love her like you wouldn't believe.

Let me leave you with that thought. There is a place in this world for people who are not constantly involved in active politics, who are there to set an example—leadership by example and not by precept. And in his humble way, that is what the modern Lord Mayor tries to do for his City. The Queen does it, superbly, for the whole Commonwealth. We are very proud of her. She's ours. But she's yours too.

The appreciation of the audience was expressed by Sir Arthur R. T. Chetwynd, Bt., a Past President of The Empire Club of Canada.

OCTOBER 6, 1977

The Canadian Economy in the Post-Control Era

AN ADDRESS BY Dr. George Post,
ACTING CHAIRMAN,
ECONOMIC COUNCIL OF CANADA

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: Our guest today, Dr. George Post, has often appeared in print and on various other platforms discussing issues which affect Canada in terms of her economy—first from his position as vice-chairman of the Economic Council of Canada and later, of course, as acting chairman of that same body.

He has discussed banking and finance because he started his government career in the research department of the Bank of Canada in 1962 and became head of that department in 1969—later becoming chief of the new department of banking and financial management in 1971.

He has discussed economic policy from the position of assistant secretary to the Cabinet responsible for economic policy. And he has analyzed the academic side of the economy when he served as a lecturer at Queen's University for three years following his Ph.D. from Northwestern University in 1962.

From that background, you might imagine that when Dr. Post was interviewed by *The Financial Post* as to which three books he would like to be stranded on a desert island with—his choices would be predictable. Let me quote one of those choices then. "My third book is a rare bit of Canadiana for collectors of material on rural pioneer styles. *Annapolis Valley Saga* is a lively reconstruction of conditions in rural Nova Scotia more than a hundred years ago. It presents a believable and entertaining story of a family in the valley that reveals a great deal about the values and rigours of rural society."

Now having said that, and exposed the esthetic side of our guest of honour, I must reveal for the record that his first two choices were about money: *Whence It Came and Where It Went* by John Kenneth Galbraith—a question which many Canadians have been asking themselves lately. And speaking of John Kenneth Galbraith, I believe it was he who said, "One of the greatest pieces of economic wisdom is to know what you do not know." And book number two, *The Joyless Economy* by Tibor Scitovsky who, according to Dr. Post in his review of Scitovsky's book, "confesses his lack of faith in conventional economic dogma."

I suppose it is on the subject of the joyless society that Dr. Post is to address us today.

No policy in recent memory has been more controversial and has affected more Canadians than has the policy of wage and profit control imposed October 13th, 1975. The theory has been simultaneously advocated and condemned on all sides. Millions of words have been written and broadcast concerning all aspects of the theory and the practicality of the program. Almost every week there is an article, a newscast or an editorial somewhere in Canada predicting the imminent removal of the controls —and yet we are just approaching the second anniversary.

In the area of speculation, almost as much has been written and said concerning what might or might not happen when the program is ended and numerous meetings have been held between business, government and labour to try to ascertain the possible effects in the post-freeze period.

Obviously the Economic Council of Canada has been involved throughout the whole anti-inflation effort and, therefore, there is no one in the country in a better position to examine with us the implications on our livelihoods and our life styles of the time when the Anti-Inflation Board goes out of business—bearing in mind that time-worn definition of an economist as someone smart enough to run your business but too smart to run his own.

No topic could affect each one of us more.

It is a pleasure then to ask Dr. George Post, acting chairman of the Economic Council of Canada, to address us on the subject, "The Canadian Economy in the Post-Control Era".

DR. POST:

Mr. Chairman, ladies and gentlemen: It is an honour for me and for the Economic Council of Canada to have this opportunity to address your members. The autumn seems to be the season when the views of economists mature and are taken to market. This appears to have been a particularly bountiful year because I can't remember when I have seen such a crop of forecasts, analyses and warnings as my fellow economists have produced in the last few weeks. The staff at the Council has been caught up in this seasonal harvest and we will publish our Fourteenth Annual Review about a month from now. I cannot tell you what recommendations the Council may make in that Review because that will not be finally decided until the Council meets on October 17. I do, however, want to talk to you about some of the major issues which are facing the Canadian economy over the next five years or so.

My primary concern is that we may focus too much attention on our immediate problems and not enough attention on the more basic structural adjustments that are required to maintain a healthy economy.

Economic Performance and Outlook

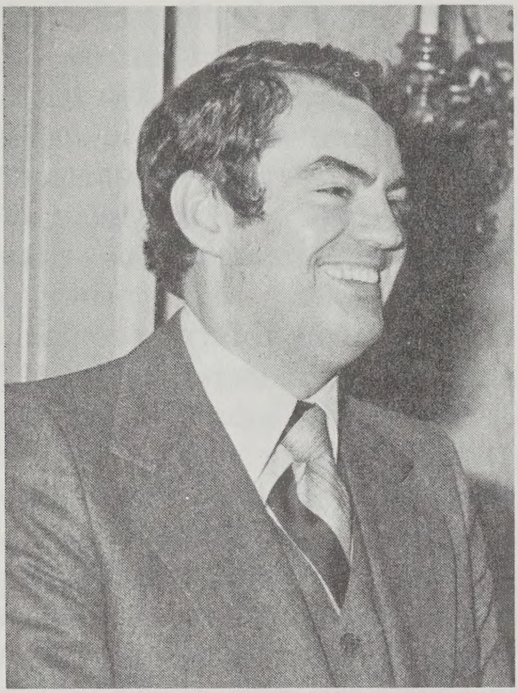
Let's face it; the present performance of the economy is disappointing—and to nobody more than to me, because a year ago I was one of the most optimistic people around. The principal indicators of this poor performance are excess capacity and high levels of unemployment. The immediate causes are quite apparent:

— The growth of our exports to the United States and other OECD countries has been relatively modest for the early stages of a business cycle recovery.
— Business investment spending for both capital facilities and for inventories has been slack.
— The growth of government expenditures has been tightly controlled.
— Consumers' inclinations to spend out of disposable income have been very subdued and when they have spent they have bought a lot of imported goods.

The reasons behind each of the components of this weak aggregate demand picture are also fairly apparent. Fear of inflation and oil import costs has made many countries shy away from aggressive demand stimulation policies; excess capacity and slim rate of return projections have discouraged business investment; uncertainty about controls, inflation and even Confederation have cast a gloomy shadow over both businessmen and consumers, and governments have received a clear indication that public opinion favours restraint.

The recent evolution of prices is also discouraging in spite of more moderate wage settlements. Raw materials and food commodity prices that were weak last year have been stronger in 1977, and energy prices continue to rise. Profits have been slack due to weak productivity performance so that businesses can justify passing along cost increases without violating the AIB guidelines.

By the coincidence of these developments, we find our-



Dr. George Post,
Acting Chairman,
Economic Council
of Canada

selves in a situation where unemployment is a good deal higher than a year ago and especially high for young people, consumer prices are going up faster than a year ago and our balance of payments deficit is large and persistent.

To alleviate this gloomy assessment it is probably useful to remind you that the Canadian economy has been growing—however slowly. Since the second quarter of 1975 (when the U.S. recession is assumed to have touched bottom) employment in Canada has increased by 381 thousand or 4.1 per cent, industrial production has increased by 9 per cent and exports have grown by 15.7 per cent.

With present excess capacity and unemployment, traditional stabilization policy would call for government measures to stimulate the economy and hence make use of the resources that would otherwise be idle to create goods and services that would otherwise be foregone. But Canadian authorities find themselves in the same quandary as governments in other relatively small countries that are highly dependent on international trade (e.g., Australia, Belgium, Holland and Sweden). First, there is little they can do through domestic measures to stimulate export demand. If they do stimulate domestic demand some of this will spill over into increased imports and aggravate balance of payments deficits that are already high. Further they risk getting into a position of capacity utilization that will limit their ability to compete in export markets when international demand picks up. Secondly, increased government deficits to stimulate the domestic economy may push up domestic interest rates and/or the foreign exchange rate which will depress business investment, housing and exports. Finally, stimulation may undercut domestic programs to reduce cost and price increases. It is certainly tough to be a Minister of Finance these days.

The projections prepared by the Council staff suggest that with the risks of continuing cost pressures after the ending of controls, it will be desirable to stimulate demand and employment growth rather carefully and that it may take several years to achieve acceptable unemployment and inflation targets. Though we foresee a modest recovery led mainly by exports in the next two years, with present policy settings the growth in GNP is expected to decelerate steadily as we move into the 1980s. Domestic capital spending will be sustained by the energy-related construction projects initiated in this period, but the stimulus will likely be localized. Employment is not expected to grow much faster than the labour force; as a result, unemployment is projected to remain high. On the inflation front, cost-push pressures still present in the domestic economy combined with projected relatively high inflation rates in other OECD countries are likely to subject Canadian prices to continuing upward pressures.

Longer-term Issues

Quite apart from these problems of cyclical economic performance which receive a lot of attention there are other issues which are longer-term challenges for the Canadian economy. So I want to shift your attention to a more distant time horizon by discussing the trends affecting the shape and structure of the Canadian economy. The five issues I will mention are substantially interrelated and each will require considerable adaptability of perceptions and behaviour.

The first trend is that the potential rate of economic growth in Canada is likely to slow partly because population growth will slow and partly because the pattern of the demand seems likely to shift towards service activities where productivity improvements will be harder to achieve. The average age and the average level of skill in our labour force will, however, be higher. The Council has stressed this trend for some time so I won't belabour it today. The main implications are that Canadian wages will remain high by international standards while the hard core of unemployment should gradually fall. Canadian business should be aware of, and concerned with, this trend.

The second issue concerns our international trade. Our current account deficit is high and Canada's share of world exports has been declining steadily in recent years, particularly in more highly processed exports. We should anticipate increased competition from the other developed countries and especially the U.S. as a result of negotiated tariff reductions. We should also expect increased competition from developing countries because they will be desperately pressed by population growth and by food and fuel costs to sell more abroad. North American based multinational corporations will be helping them with the capital equipment and the marketing contacts needed to produce and sell standard technology products in world markets. We should expect too that Canadian imports of services from foreigners will continue to climb—whether in the form of tourist expenditures, business fees or interest payments.

In this longer-term perspective, we Canadians must choose the extent that we should earn our imports by exporting raw materials rather than manufactured goods or services and the extent that we should rely on foreign savings rather than domestic savings. These issues of international competitiveness and national identity are not yet sufficiently resolved in Canada. Canadian businessmen should be concerned about the trends in our balance of payments.

A key determinant of trends in international trade is, of course, our industry structure. To quote from *Agenda for Co-operation*, recently published by the federal government, "We have too many industries in which we are not competitive, too few firms which meet world standards of productivity. If we are to continue to grow at rates we all consider desirable we will have to shift resources from some existing industries to other industries, and from some firms to other firms." This could involve a redistribution of resources between manufacturing, resource industries and services, to reflect changing market opportunities and changing technologies. Planning for structural change must also recognize changing national objectives and public attitudes. There must be a better match between the jobs provided and the education, interests and expectations of the people involved. I am not a central planner; I believe in decentralized decision-making by the people directly concerned and I believe that the economic system should serve the population—not the reverse. Hence the pattern of incentives and the framework for private economic decisions should be realistic and clearly understood. We are only asking for trouble if we try to force a labour force educated for the nineteen eighties into an antiquated manufacturing sector or an obsolete industrial relations system.

Whatever the nature of Canadian business activity I am firmly convinced that much more attention will have to be given to its location. It does not make sense economically or socially to have a steady agglomeration of industry in the largest cities where there is a labour shortage while there are substantial pockets of unemployed and underemployed workers in other regions. In a recent study, *Canada as a Conserver Society*, the Science Council has made an eloquent plea that economic policy decisions and the price of output should reflect all of the costs concerned —both those that are external to the firm such as pollution or community dislocation as well as those that are internal to the firm. Nowhere, I think, is this principle more important than in the decisions about the location of plants and production. The true costs of failing to use available resources in our depressed regions are enormous when you take account of the waste of resources and the income maintenance payments in lieu of employment. Even then, transfer payments and handouts are no substitutes for the self-respect that comes with jobs in a work-oriented society. Let me repeat, I do not believe in elaborate industrial strategies or government control over the location of new plants. I do believe that the true costs of locating an additional plant in an area that is already congested should be recognized. Canadian businessmen should be concerned about the composition and location of our business activity.

The fourth basic issue that I want to raise briefly is the level and nature of investment. There is substantial agreement among observers that a relatively high level of investment will be required in Canada over the next five years—to incorporate new technology and cut costs, to conserve energy, to develop new energy sources, to increase capacity and so on. Ours will surely continue to be a capital intensive economy. Sometimes, however, I wonder if capital may be too plentiful in Canada, in the sense that we don't always use it effectively. Over the last twenty years the average level of productivity in Japanese manufacturing improved from a level only half as high as that in Canada to a level that is equal to our own yet the capital stock in Japanese manufacturing is only 60 per cent of what we use. With the incentives and institutions we have to encourage saving and stimulate investment we sometimes end up with very poor output to capital ratios—and not just in the public sector. On the other hand, we may not be investing enough in some industries like tourism or public transportation. Canadian businessmen should be concerned about the adequacy and allocation of investment in this country.

The final long-term issue I want to discuss today is the existence of a built-in inflation bias. It is most intractable because it is poorly understood and surrounded by vast amounts of emotional rhetoric. The problem, as I see it, is essentially the following. Over the past three decades governments have gradually assumed responsibility for managing the overall level of demand in the national economy. The result of the continued application of this policy is that it is easy to raise prices but few prices ever fall. If there is excess capacity and unused resources the accepted strategy is to sit tight and hope for a more stimulative demand management policy which will improve activity and demand and bring the unused resources or unemployed people back into use. Professor Galbraith has argued that these demand management policies have provided a particular incentive for large businesses and labour units to develop and use their market power to avoid competitive behaviour during periods of slack activity. In the short-term full employment policies make a lot of sense, but in the long-term they create rigidities and cost-push tendencies that are very troublesome indeed.

If it is widely believed by all major groups in the economy that there is no need to accept a cut in their own real incomes in order to sell their output, each group will immediately attempt to pass on any price or cost increase. Accordingly, any external shock or adverse development which implies an inevitable drop in real income will set off a continuing round of price changes until the shock is finally absorbed by increases in production in the system or by certain weak or gullible groups that can't or don't protect themselves. The dramatic shift in purchasing power from oil users to oil producers was a shock that we have still not absorbed.

Please note this is not a tale of villains even though there is lots of opportunity for name calling and finger pointing. Businesses marking up their cost increases become "profiteers"; unions protecting their real incomes and anticipating price increases over the contract period are "greedy" and governments incurring deficits to create employment and maintain demand are "growing out of control". But of course all act according to their own interests and clearly perceived responsibilities; it is the role of unions to protect their members and it is perfectly normal for businessmen to maintain a healthy rate of return and we all expect government to assume the responsibility for job creation and to maintain high levels of activity. We have an economic structure which in the long term is inherently inflationary.

This diagnosis isn't new and some economists argue that it is not a particularly worrisome state of affairs so long as inflation in one country doesn't get out of line with the rate in its major trading partners. Nor is there any shortage of proposals to break out of this structural dilemma. But most of the solutions require businessmen to stop acting like business executives, union leaders to ignore the interests of their members and government leaders to tolerate much poorer economic performance. Let me offer some of my own views about how we should respond to these structural problems.

These issues are complex and interdependent, so I am really talking about the capacity of our society to respond to change. Based on recent experience, I have to admit that I am not very optimistic about the capacity of Canadian society to make necessary adjustments.

In the long-term perspective, Canada is a very fortunate country and Canadians have a relatively promising economic future provided they can maintain a capacity to cope with the problems of a prosperous but complex economy.

It is also my view that we have in this country an unnecessarily large amount of distrust, confrontation, uncertainty and all-round "bad blood".

What can we do? We can and must understand our problems more clearly, complex though they be. We must recognize that the legitimate interests of different groups may conflict and must be reconciled through compromise. We must recognize that the basic problems facing us cannot be "solved" by government. I will elaborate just a bit on each of these statements.

My first suggestion simply reflects the view that it takes a lot of information, a lot of analysis and a lot of forward thinking to cope with a complex economy in a specialized and interdependent world. I guess that sounds like a plug for the long-term research and analysis by the Economic Council. I do believe in what we are doing; I think we should have even more understanding of long-term trends and structural alternatives. I only wish that people like yourselves were paying as much attention to how the economy should work in the period after the present controls and how to avoid controls next time the economy reaches full employment as you are to when the controls will end.

My second point is that we need better mechanisms for consultation in this country. By that I mean a lot of discussion, a lot of communication, between interest groups motivated by a willingness to understand divergent points of view. Let me admit frankly that whatever pride I feel in the Economic Council as a research body, our efforts to provide a forum for consultations between business and labour have met with disappointment. There have been new initiatives towards consultation in recent months by the CLC, by business and by governments. I hope they continue. I must say that I don't think a single tripartite body is the answer; partly because Canadian interest groups are not yet ready for the degree of delegation that it would require and partly because the concept does not recognize the pluralistic, federal diversity of the system we are dealing with. My own view is that Canada needs a variety of consultative groups. There could, for example, be one on energy matters, one on regional disparities, one on commercial policy, and so on. These consultative groups might bear some resemblance to royal commissions although the membership should be larger and should in most cases include government people.

We should not forget that a great deal of consultation already occurs on some issues and we should try to build on our successes. I think, for example, about the construction of northern gas pipelines where, thanks to private business and the regulatory process, there has been a good discussion of the basic issues. I wish that we had people like Justice Berger animating and organizing a discussion of the other questions I raised earlier, such as the extent we want to finance imports through the export of raw materials and how far we want to go in relying on foreign rather than domestic savings.

My third suggestion is that the longer-term issues we are dealing with are too complex to be left to government alone. Certainly there is a very important role for governments to provide information, to legislate incentives where needed, to facilitate adjustment by compensating those who will be injured by necessary changes, to negotiate with foreign governments and so on. But governments cannot pass laws that lack broad support (witness the efforts to reform the Competition Act) nor can they legislate the details of behaviour. Moreover there is some evidence that when government does intervene to regulate, there is a risk that these regulations will be used by dominant interest groups to protect themselves from competition and change. There are many requests that government should provide more leadership and a clearer definition of national goals, but think of the trauma whenever that "leadership" questions our cherished preconceptions. No, I am afraid that all of the major interest groups are going to have to shoulder some of the responsibility for ensuring that our economy works.

In summary, I would not want to minimize the seriousness of the current economic slowdown in the western countries. The waste of time and talent, particularly among our young people and in our most depressed regions, is frustrating and unacceptable. Yet the persistence of inflation even with this underutilization of our physical and human capital reminds us that our economy does not adjust and adapt smoothly. This leads me to conclude that we have basic conflicts both about objectives and about means in the Canadian economy.

The system is complex and interdependent. Interest groups have reasons for trying to protect themselves from competition, exploitation and technological change. Yet if we are going to maintain the dynamic adaptability which has been a source of Canadian prosperity and ensure that it serves broad national interests, all of us should be prepared to take a longer view. Nowhere is this shortsightedness clearer than in the declaration that "governments got us into controls, let governments get us out." You need only ask yourself who sets most of the wages and prices in Canada to realize the private sector had a big hand in getting the government into controls. I think it is in the interest of the private sector to help figure out how we can get enough flexibility to run this economy effectively after controls.

The appreciation of the audience was expressed by Col. R. H. Hilborn, M.V.O., M.B.E., C.D., a Past President of The Empire Club of Canada.

OCTOBER 13, 1977

The Politician and the Bureaucrat

AN ADDRESS BY The Rt. Hon. Lord Redcliffe-Maud, G.C.B., C.B.E.

CHAIRMAN The President, Peter Hermant

MR. HERMANT:

Ladies and gentlemen: Robert Whittinton, who died in 1530 wrote, "More is a man of angel's wit and singular learning, I know not his fellow. For where is the man of that gentleness, lowliness and affability? And as time requireth, a man of marvelous mirth and past-times and sometimes of a sad gravity; a man for all seasons."

A man for all seasons is an apt description of our guest of honour today, Lord John Redcliffe-Maud. Witness the service, and particularly the variety of service, that Lord Redcliffe-Maud has given to his country.

His roots are clearly academic. He is the son of a bishop, and was a scholar at Eton, Oxford and Harvard. He published his first book on English local government at age twenty-six—a book which he himself has described as "sewage without tears". In that same year, he became Dean of University College, Oxford—the college of which he was later to be Master.

But for a creative mind, pure academics were not enough and during his time at Oxford University he was also an Oxford City Councillor.

In the war years that followed, Lord Redcliffe-Maud served as deputy secretary and later second secretary at the Ministry of Food, as permanent secretary at the Ministry of Reconstruction, and at the office of the Lord President of the Council. But even in these trying times he kept his academic hand in as Master of Birkbeck College which was the only college not evacuated in London during the war.

After this period, he moved rapidly through a series of government ministries, including Education, Economic Planning, and Fuel and Power. He also took part in the BBC program "Brains Trust".

Then in 1959 he was appointed High Commissioner and later Ambassador to South Africa, an appointment that apparently even surprised him, and he served in that capacity until 1963. At the same time, he was High Commissioner for Basutoland, Bechuanaland and Swaziland as well. His summation of his South African tour of duty was, "I cannot say that I liked it, but it was interesting."

Returning to England, he became Master of University College, Oxford. In 1966, he was named to head the commission investigating local government in England and in connection with that appointment served on various other bodies such as the local government management committee and the Prime Minister's committee on local government rules of conduct.

As a supplement to his government duties, he also served at the United Nations in the areas of food, agriculture, relief, rehabilitation, education and culture.

Lord Redcliffe-Maud has never neglected the cultural side of life and he has been the chairman of the council of the Royal College of Music and is a Fellow of the Royal College of Art.

In order to fill up the spare moments in his days, he is a trustee of the Castle Educational Trust and president of the Institute of Public Administration. And speaking of administration, he once told the Institute of Chartered Secretaries and Administrators, "that good administration is good conduct for which somebody else gets the credit."

Lord Redcliffe-Maud was created a life peer in 1967 and now plays an active part as an independent member of the

House of Lords. He appears regularly on television, he has authored a number of books and has an alarming number of honorary degrees and fellowships, and he is currently High Bailiff of Westminster and Searcher of the Sanctuary.

Surely no one would be in a better position to discuss with us the many aspects of the politician (whom Joey Adams, the comedian, has described as "one who goes to great lengths to say nothing—then complains when no one quotes him") and the bureaucracy (which author Hugh Keenleyside has described as "top heavy with brass and too often that brass is paid as if it were gold").

Ladies and gentlemen, it is a great pleasure for me to introduce to you truly a man for all seasons, Lord John Redcliffe-Maud, who will address us under the title "The Politician and the Bureaucrat".

THE RT. HON. LORD REDCLIFFE-MAUD: Mr. Chairman, My Lord Bishop, ladies and gentlemen: That criminal record which you have just heard so sympathetically described by the Chairman explains why I have chosen as the title for my talk to you "The Politician and the Bureaucrat". I needn't say that this traditional division of the labour of government, which is I think both Canadian and British, between those who are politicians and whom we can kick out, and the bureaucrats who help the politicians, but whom, broadly speaking, we can't kick out, this traditional division of labour is something which most of you probably regard as a fairly bad use of two fairly bad types of person. I don't believe that either politicians or bureaucrats are universally popular with members of the Empire Club.

It is quite true that this conventional division is quite different from what they have in the United States and quite different from what they have in the Communist countries. It was challenged very strongly by a professor of political science, Professor Harold Laski, in the period before the last war, throughout the war, and when Mr.

Attlee became Prime Minister in Britain's Labour government of 1945. Laski said that it was ridiculous to keep as Heads of Departments (what you very sensibly call Deputy Ministers) men who had served under a series of Conservative governments. "When we, the Labour party, become the majority party in Parliament and want to make real progress, we've got to get rid of these people, lock, stock and barrel, and bring in people who believe in Socialism and will want to do the sort of things *we* want to do." That is a challenge to the traditional division of labour which is being renewed in some quarters in Britain today.

Attlee, in 1945, cocked a big snook at Professor Laski and said "I'm going to do nothing of the kind." Instead, he stuck to this tradition. He assumed that deputy ministers, however many Conservative governments they had served, would in fact be as loyal supporters of Labour ministers in his Labour administration as they had been of Tory ministers in time past. I will give you one example of that. One of the most Tory-minded of all my friends in the civil service during the war was a man called Sir Donald Ferguson, who had been head of the Ministry of Agriculture. (We in the Ministry of Food thought he spent his time looking after beef cattle because the farmers liked beef cattle rather than milk. We regarded him as a typical enemy between our department and his.) He was, in temperament and mind, a very conservative gentlemen. He was made, in 1945, Deputy Minister (or Permanent Secretary) of the new Ministry of Fuel and Power. He was the architect, under the Labour minister, of the nationalizing of the coal industry, the gas industry and the electricity industry. Everybody agreed that if you had to nationalize those things it couldn't have been better done!

That's just one example of how right Attlee was, in my opinion, to cock a snook at Professor Laski, and why I hope corresponding snooks will be cocked at those who, in a recent Select Committee of our House of Commons on the Civil Service, suggested that you could not trust these mandarins (as they were called) in Whitehall, and if a radical government really wanted to get proper change you would have to sack them and bring in partisan political supporters of your own. I may say that the House of Commons committee did not accept that view, although it had a majority of Labour members on it, and I have no fear in my own heart that we shall capitulate to this ridiculous idea.

What I do think is quite possible is that people in this room may regard the relationship between Minister and the Deputy Minister as comparable in some ways to the biological fact rather splendidly pointed out in a poem by Ogden Nash:

> The fish, when he's exposed to air,
> Can show no trace of savoir-faire,
> But in the sea regains his balance
> And shows off all his manly talents.
> The chastest of the vertebrates,
> He never even sees his mates,
> But when they've finished, he appears
> And O.K.'s all their bright ideas.

Now that in fact is how the fish kingdom is sustained. There may be people here who think that in Canada, or indeed in Britain, there are occasions when a male fish, the Minister, merely okays the ideas of the Deputy Ministers. All I can say is that it does very occasionally happen in England, but it is not in any way characteristic of the relationship. And it is because it's not that I want to say a few words about it to you this afternoon.

I had the remarkable luck to serve as a Deputy Minister, or something like it, for some six years in the coalition government of Winston Churchill, when all the parties were agreed and there was national consensus, first in the Ministry of Food and then in the office of the Minister of Reconstruction; then for six years in the Attlee administration under Labour ministers (who changed, alas, because my first Labour minister died—Ellen Wilkinson—and she was succeeded by George Tomlinson); and then for thirteen years of Conservative ministers. I had a sample of experiences as a bureaucrat for a coalition government, for a Labour government and for various Conservative governments—a hack in various departments at home and overseas. That is why I feel from my experience passionately in favour of a continuance of this division of labour between politician and bureaucrat, and why I believe that on certain conditions it can work extraordinarily well.

As it is roughly speaking the system that you have in Canada, there may or may not be relevance to you in what I say. But don't misunderstand me: I am simply telling you what my United Kingdom experience leads me to believe.

In the Ministry of Food, we were faced with the gigantic job of turning into a government department the whole business of wholesaling and retailing food for the beleaguered citizens of the United Kingdom; we had to do it with the use of shipping that would leave as much as possible for the importation of ammunition and supplies for other purposes than food, and we had to do it in such a way that the people's morale was sustained. There is no doubt, looking back, that it was a dazzling success which Lord Woolton, the politician at the head of the department and Sir Henry French, his Deputy Minister, achieved over that period. Here you have a wartime situation which you can't expect to have repeated in peacetime: when there really is an end of party political warfare, because everybody's backs are to the wall. Furthermore, the bureaucrats who formed the Ministry of Food under Lord Woolton were an exceptionally mixed bag. Henry French was a conventional long-term civil servant, but they had roped in all sorts of odds and sods, like myself, and (much more important) great businessmen in oils and fats and meat and sugar and all the various commodities that we were concerned in getting from somewhere—remembering that the fall of France cut us off from most of the conventional local supplies.

I quote the Ministry of Food to you because it shows that

The President, Lord and Lady Redcliffe-Maud,
R. McCartney Samples, Consul General of Britain,
and Mr. Sydney Hermant, a Past President of the Club.

in certain circumstances our traditional system can be a success. In that particular relationship, what Lord Woolton did was to back up Sir Henry French and give the chief bureaucrat his authority. He himself, Lord Woolton, helped the bureaucrat to knock the heads together of this mixed bag of civil servants, temporary and permanent. He, Lord Woolton, commended himself and the Ministry to the people of the country by his broadcasts, his use of press conferences and by using his experience as a great department-store keeper, because that's where he had made his reputation before the war. He was not a professional politician.

You must assume, he believed, that, roughly speaking, the customer is always right. Therefore, when we made a boob, for example with the egg marketing scheme and everybody knew that we'd made a boob of it, instead of waiting for people to complain, Lord Woolton went on the radio and apologized on behalf of himself and his colleagues for the mistake that had been made and promised to try to do better. He confined himself to a great and essential public relations job and to getting out of his colleagues in the Cabinet those precious fifteen million tons of import capacity per year which was the absolute minimum that we believed were needed for the importation of food to Britain. He left the actual job of doing it to these experts in the various commodity divisions, and he left it to Sir Henry French to co-ordinate and organize those unconventional efforts made by the businessmen in such a way that the thing worked.

That was a division of labour where you may say that success was out of the ordinary because it was wartime and government was engaged in an unusual commercial occupation. But the last eighteen months of the war saw Lord Woolton moved, to become Minister of Reconstruction with a seat in the War Cabinet. Churchill was very anxious that attention should not be diverted from the war effort, and he was therefore very unsympathetic to various people in the country who said we ought to be making plans for the Britain and the world that was going to emerge after the war had been won. He thought that first things should come first. But he did agree with his political colleagues that something had better be done about it. So he took Lord Woolton, who had established himself as the affectionately regarded "Uncle Fred" of food, and made him Minister of Reconstruction on condition that "you don't build up a great big ministry of bureaucrats. You can have a few bright lads, but don't let it be more than half a dozen."

In fact there were only six of us—I was one of the people Woolton took with him. There we did our best to help the politicians. It wasn't very much, because as the war came towards its end these members of the coalition government were naturally concerned that each party should have the best chance of winning the post-war general election. So they weren't going to agree, and they weren't going to allow any bureaucrats to help them to try and agree on most things which were controversial. But they did know that ten million houses had been destroyed and would have to be rebuilt; they were agreed that an emergency operation was needed for that purpose. They knew that a welfare state would be needed and demanded by the people; all parties therefore supported the work of a temporary bureaucrat called Sir William Beveridge (Master of the Oxford College of which I have just stopped being Master) and the Beveridge Report was worked out so that it could be put into practice whoever won the election.

But there was one other area where all party politicians needed the Office of the Minister of Reconstruction and that was to produce some White Paper, some blueprint of how mass unemployment which had kept three million people unemployed before the war could be made something that would never recur. We therefore had the job of putting together with the help of all the best economists and administrators outside our little office a White Paper on "a high and stable level of employment". We took great pains to get Lord Woolton to accept it (which he did very readily) but then also to see that others accepted it, and in particular Mr. Churchill. So we went to work on the bureaucrats who advised Lord Beaverbrook (one of Lord Woolton's Cabinet colleagues), and the bureaucrats who advised Lord Cherwell (who was another of Mr. Churchill's very influential colleagues). These bureaucrats put into the minds of Cherwell and Beaverbrook that this White Paper was a good thing. So both Lord Beaverbrook and Lord Cherwell spoke up for it when it came to Cabinet. This provoked from Churchill the remark, "I rely very much on Lord Beaverbrook and Lord Cherwell in all our consultations, and they very seldom agree. Now it seems that they are both in favour of the Cabinet approving the White Paper on a high and stable level of employment. Gentlemen, something must be very wrong." It went through on the nod and has become the basis on which all subsequent governments have built. So even there, in a tiny department compared with the huge Ministry of Food, the relationship between politician and bureaucrat didn't work too badly.

When the war was over, I was made the top hack in the Ministry of Education, under a Labour minister. Fortunately an Act had been passed before the end of the war, in 1944, on which all parties had agreed. Political controversy was therefore out of the way. From 1944, when that Act was passed, until 1964 when unfortunately partisanship broke out again, education was not a ball which was kicked from one enemy to another in the political arena. It was something on which there was general agreement in the country and consensus between party politicians. What we therefore chiefly needed from our Minister was to get sufficient building resources out of Cabinet rivals who wanted to build houses instead of schools, or factories instead of either; and our Minister did that for us. But the other fact which worked to our advantage was that the Act recognized education as an area where two levels of government, rather than one, would produce the best results. The Act therefore assumed that the main work of education would be done by the elected local education authorities—not school boards such as you have in Canada, but the general-purpose elected councils of counties and county boroughs. It was therefore the business of us bureaucrats in the central department to do as much as possible to give real freedom to the second level of government. And this, I think, is an example of a general truth: if you want good democratic government, the more you allow diversity through having more than one level of government, the more likely you are to have widespread consent and success. That is undoubtedly what did happen in education during the twenty post-war years of Labour and Tory governments.

When I went to Fuel and Power, the Tories were in office for the first time since the nationalization program of the Labour government had been put on the statute book. And fortunately here again Churchill (again Prime Minister) had very wisely agreed that though the Tories disapproved as much as ever of nationalization for nationalization's sake, yet where public utilities such as coal, gas, electricity and transport had been nationalized, they would not seek to reverse that decision but would make it work—even though, he added in a broadcast, "that may somewhat mar the symmetry of political debate". Fortunately, therefore, the political debate did not recur: instead, here was a Tory minister, and various succeeding ones whom I served as Deputy Minister, who wanted to make a success of the nationalized boards which were then responsible for coal, gas and electricity. The bureaucrat had the essential non-political job of keeping in personal touch and giving continuity to the relationship between the government politicians and those boards which were left, at arm's length, to do the best they could for the nationalized industries.

My conclusion is that, whatever Laski or the modern critics of this system of ours may say, it works better than any known alternative—and we can make it work still better. Many of us would like to have *less* government, but government is something that in this modern world of interdependent nation states we've got to have. And if you have government, you must have politicians. The politicians must take the important decisions and take them at the right time, and they must take the consequences. In other words, we must be able to remove them when they don't take decisions that we think successful, and we can re-elect them if they have done their job to our satisfaction.

Don't let there be any misunderstanding about this: in our democracy *we* must control the politicians, and politicians rather than any bureaucrat must take the big decisions. But if their decisions are to be wise, the politicians must have the indispensable help of the bureaucrat: because of their transient nature they need someone who will contribute the element of permanence and experience to their decision-taking. Note how a President of the United States, on taking office, has to appoint an almost completely new staff of top advisers. It must be an advantage for a new government (or a new minister who joins a government half way through its time) to find in each department a bunch of people under an experienced head whose first job it will be to put his minister in the picture—tell him what has been done under the previous administration, if it's a new government, or under the previous minister, and what his options are. That elements of permanence is what the transient democratic politician needs, and that the bureaucrat can give him.

Furthermore, the bureaucrat has a capacity, out of his past experience, to look further ahead than the immediate problem. The children of Britain have been permanently better than pre-war children because Lord Woolton and his bureaucrats deliberately invested milk in war-time babies and saw that school meals and milk were part of the nutrition of the new generation. That didn't help to win the war, but it meant that in consequence of the war Britain has become a healthier nation than it would otherwise have been. That's the kind of long-term interest which the scientists and the administrators who help a minister have got to see that he takes account of, as thank God, Lord Woolton did.

The bureaucrat not only has those longer-term responsibilities: he must be brave enough to speak up and propose things that are unpopular. He has got to put to the minister things which need doing, even if from a political point of view it would be very nice to forget them. That is the kind of bureaucrat which I've had the luck to see in action with politicians, and with politicians who have listened to him—who have insisted that he never pulls his punches; never becomes a yes-man who advises only what he thinks the minister will like; nor ever becomes a no-man, saying "that can't be done", but if what the minister suggests won't do, tries to suggest a better way to reach his objective.

That's why my conviction is that we will do well to carry on with this division of labour, and make it work. But we must do more than that. We must insist that politicians take the trouble to work towards as much *consent* as possible, using their bureaucrats in the process, using two levels of government rather than one, and keeping themselves *out* of decision-taking, whether in the field of industry or in the field of the arts, which can be better done by non-politicians expert in their respective fields of work. Most important of all, as thank God we have seen in Britain recently, we need to come together and achieve consent, if not consensus, rather than a confrontation which is in no one's interest. That's why we have, at last, succeeded in beginning to make progress towards the conquest of inflation. We've still got miles to go. But progress has been made because politicians have done what I think we ought to make them do: consult and find some compromise and measure of agreement, whether with trade unions or other interest groups, whether locally or functionally diverse.

This achievement, from which I think we can take courage in Britain, is something which we have got to carry much, much further. We live in very dangerous times. There is a real risk in all our western democracies of things breaking up, of a tearing of ourselves apart, of consent disappearing in confrontation, whether geographic or functional. I am reminded that before the war we were in even greater peril—peril which was put into a poem by the greatest poet of my lifetime, W. B. Yeats. And what he said was this:

> Things fall apart; the centre cannot hold;
> Mere anarchy is loosed upon the world,
> The blood-dimmed tide is loosed, and everywhere
> The ceremony of innocence is drowned;
> The best lack all conviction, while the worst
> Are full of passionate intensity.

Now that wisdom of Yeats was a prophecy that very, very nearly came true in the period before 1939. We were saved from the brink by people of conviction who came together in the nick of time and saved the world for justice and humanity. We today, in the United Kingdom, are coming together, I believe, in the same way. But just as we can't do without politicians and we can't do without bureaucrats, neither politician nor bureaucrat will succeed on our behalf unless we ordinary citizens, in my country and in Canada, have the conviction and determination to insist that *no one* shall tear us apart: that both politicians and bureaucrats concert their search for that diversity within one national purpose which all but the extremists desire and deserve.

Thank you, my friends, most warmly for giving me the honour of talking to you this afternoon, and may you have all possible success in the years that lie ahead, as I believe you will.

The appreciation of the audience was expressed by Mr. Charles C. Hoffman, Third Vice-President of The Empire Club of Canada.

OCTOBER 20, 1977

Quebec as It Is

AN ADDRESS BY M. Raymond Garneau,
MEMBER FOR JEAN-TALON,
NATIONAL ASSEMBLY OF QUEBEC

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: Every young person in school knows that history can be compressed into a series of dates, and certainly that is true of Canada.

1535: Jacques Cartier discovers Stadacona—later Quebec City. 1615: Samuel de Champlain discovers Georgian Bay. September 13, 1759: General Wolfe defeats Montcalm on the Plains of Abraham. January 31, 1839: Lord Durham tables his report on the affairs of British North America. July 1, 1867: Confederation. March 31, 1949: Newfoundland becomes a province, thus making Canada truly one nation from sea to sea.

November 15, 1976, the Parti Québécois win a surprising election victory in the Province of Quebec.

Of all the dates that I have mentioned, there is little doubt that the last, November 15, 1976, has become the most significant landmark in our history since Confederation—because it may well augur the end of Confederation as we know it.

At the very least, there will be some constitutional change because of the Parti Québécois years in Quebec. The magnitude of the adjustments is the real question. At the most serious level is the possibility that Canada may not survive as we know it today.

Marshall McLuhan has written: "You can be a French

Canadian or an English Canadian but not just a Canadian. We know how to live without an identity and this is one of our marvelous resources."

Ladies and gentlemen, identity or no identity, there is no doubt that as a nation Canada has had a real problem learning to live with its two major founding groups. We have had in this country an abundance of immigration and we are blessed with numerous and different peoples, all of whom have added materially to the strength of the nation. And yet Pierre Joseph Oliver Chauveau could write, "English and French—we climb by a double flight of stairs toward the destinies reserved for us on this continent without knowing each other and without even seeing each other except on the landing of politics."

Our guest today, M. Raymond Garneau, was until that November day the Finance Minister of the Province of Quebec under the premiership of Robert Bourassa. Finance is a difficult portfolio in any government—but particularly trying in a climate combining a slumping North American economy and a legacy of Olympic cost over-runs. And yet our guest of honour was re-elected in his riding of Jean Talon and sits today on the opposition benches of the Assemblée Nationale in Quebec City.

Until recently a Canadian has been generally described as being a dull chap (dull as in boring)—a sort of political, cultural and economic mugwump—which, as we all know, is a creature seated firmly on the fence with his mug on one side of it and his wump on the other, whose reaction to almost any suggestion, positive or negative, has usually been "not bad".

There is a new way to recognize Canadians today—they are any group of more than one who when they speak to each other do so concerning national unity, how to achieve it and how to find out what it is. As a matter of interest, there's another definition of a Canadian which appeared in the Letters to the Editor columns of *The Toronto Star* and which goes somewhat as follows: "A Canadian is someone who drinks Brazilian coffee from an English tea cup and munches a French pastry while sitting on his Danish furniture, having just come from an Italian movie in his German car. He picks up his Japanese pen, while sitting in front of his American television set, and writes his Member of Parliament about the problems of mounting unemployment."

The next years in our history will be perhaps the most momentous that we have experienced. Already sides are being drawn. In the forefront in the fight for federalism and unity will be the new leader of the Liberal Party in Quebec when he is chosen.

Although he is not an official candidate for that high office—yet—many in Quebec are looking at Raymond Garneau with great interest.

He is particularly well-trained for leadership. He has a Master's degree in commerce from Laval. He has worked in the life insurance industry and at the Lauzon Institute of Technology. He is a member of the Quebec Board of Trade and the Canadian Public Administration Institute. He has been elected in his riding on three separate occasions, including the most recent, and has governmental experience as executive assistant to the former Premier of Quebec, Jean Lesage, the Civil Service Ministry, the Treasury Board and the Ministry of Education—all, of course, in addition to Finance.

Ladies and gentlemen, last Sunday night the Queen addressed all Canadians on radio and television. She ended her remarks with a prayer that our singular and oft-times difficult confederation should survive this crisis and go onwards. Included in the body of the text was the following quotation: "Confederation itself was not a French idea or a British idea. It was an idea born in this land. The need for it arose from a shared experience and common problems. Its fulfilment sprang from shared attitudes and beliefs."

I believe all of us in this room share in that thought and we need the best possible people in public office and in positions of leadership that we can provide. It is, therefore, a pleasure to introduce to you le député de Jean Talon, Assemblée Nationale de Quebec, M. Raymond Garneau, who will address us under the title, "Quebec as It is". M. Garneau.

M. GARNEAU:

The story is told about Mr. Churchill that after his defeat at the polls in 1945, his wife said to him that it was "a blessing in disguise." Mr. Churchill replied: "It was well disguised indeed." Almost a year after the defeat of the government of which I was a member, we are still looking for the blessings. We have not yet found them, and neither has the Province of Quebec.

Had it not been for that unfortunate turn of events, I might well have been here today as Minister of Finance of Quebec, and my remarks would have borne on our fiscal policy, our economic situation, our plans and our hopes for the future.

I would have asserted that in the present economic circumstances, governments must be pro-business in policy; that governments have tampered more than enough with the delicate mechanism of private enterprise, and that it is high time to reassert our belief that a healthy private sector is vital to a healthy economy and even to a healthy society.

Such would have been the tenor of my remarks if the last election had turned out differently. But on November 15, 1976, a group of self-assured men and women took power in Quebec on the promise of being simply a good and responsible government. To its partisans, that government, made up of such dedicated, talented and uncompromising people was the political equivalent of the Second Coming.

Well, the reality of power has had a great sobering effect on those expectations. These same people who had all the answers when in the Opposition or in the classroom, more and more are "studying" problems and setting up work groups, committees and commissions to do so for them.

M. Raymond Garneau,
Deputé de Jean Talon, Assemblée Nationale de Québec

Even if the Parti Québécois had in fact restricted itself to being a good and efficient provincial government, which it did not, its arrival in power would have forced upon all Canadians the issue of national unity and of Quebec's role in Confederation. That is, therefore, the inevitable topic I must discuss with you today.

Daniel Bell has written that "men in their imagination will always seek to make society a work of art." By that standard, social accomplishments are always insufficient and imperfect. Nevertheless, a fruitful discussion of Confederation should begin with a careful, objective accounting of what the present system has done for Canada and for Quebec. There are grave misconceptions on this subject. In our province, the separatists would like us to perceive the Quebec society as a dominated, subjugated one which must be decolonized. Outside of Quebec, there is still that lingering perception of a quaint, rural, backward, priest-ridden province of poorly educated people speaking an abominable patois that is a poor relative to the beautiful language of France.

Let us examine the reality of Quebec in 1977. It is today a very complex society, and the profound changes which have taken place in recent history are fascinating. In describing it, yesterday's confident assertion is today's obsolete cliché. For instance, Quebec's tradition of large families is no more. In 1976, Quebec had the lowest birth rate in Canada; and Quebec's conservatism and religiousness are today more easily remembered than observed. It is no longer a church-dominated society. The priesthood has lost its predominance as a valued occupation; professional occupations related to religion dropped more than 50 per cent during the period from 1961 to 1971.

Quebec's rural outlook is a thing of the past. With 81% of its population living in cities, Quebec is as urban as is Ontario. It is also the second most industrialized province in Canada.

Our school population has increased significantly. In 1961, only 4 per cent of Quebec's population had completed a university degree, compared to 8 per cent in other provinces. In the fifteen intervening years we have caught up with the rest of Canada.

Situations of the past often place a burden on the future. In Quebec, we are still contending with the high fertility rates of the past. Our francophone population growth was almost entirely natural increase. Francophone immigration has for many years been virtually nil and indeed, for a certain period, there has been a considerable French-Canadian emigration to the United States. It is interesting to note that at the end of the 1880s the number of Canadians having emigrated to the U.S. was estimated at 200,000, of which 125,000 originated from Quebec.

Protectionist policies at the end of the 19th century have had the effect of favouring industrialization and halting the sizable outflow of population. This was a major influence in shaping the structure of the Quebec economy with industries using a high content of labour such as textiles, clothing, leather and food, and in finding in Quebec the convenient factors of location.

Ontario was spared this natural high rate of population growth. It also benefited from the development of the U.S. steel industry in the Great Lakes region during the same period. As Quebec was developing an industrial structure akin to the one existing in the New England area, Ontario was following the trend prevailing in the north-central region of the United States. The geographic factor was largely determinant.

As a result, Quebec has been and is still facing a problem of conversion of its industrial structure while thousands and thousands of French-speaking students were graduating from colleges and universities and looking for jobs.

It is therefore not surprising that the sectors offering the least resistance to new job creation were the first to yield in the face of necessity. First the provincial government took the overflow of new labour, then the federal government, and now the private sector is under the same pressure.

In different times the order might have been different, but this period coincided with a general increase in government activities all across North America. In Quebec the rhythm was a little more rapid. From 1960 to 1970 not less than eleven new governmental departments were created, compared to nine during all of the preceding ninety-three years. Some were of front-bench importance: Education, Natural Resources, Financial Institutions and Consumer Affairs, Civil Service, Revenue, etc. The education and health care systems were also greatly expanded, especially in terms of personnel, in response to newly identified needs. A constellation of crown corporations and agencies was created, providing jobs for a great many people.

The federal government also did its share in attempting to increase the presence of French-Canadians in the federal civil service to a level equivalent to the proportion they represent in Canada. This appeared equitable and was long overdue. We are now told that a certain objective has been reached, and that the programs developed to promote this policy are to be phased out over the next five years.

There was room for expansion in the public sector in the 60s, but both levels of government were reaching the limit in the 70s. From now on, the public and para-public sectors will no longer be able to absorb the growing work force.

Faced with this situation, governments and unions in Quebec and Canada have no other choice but to be pro-business. Governments and unions must create an environment conducive to private investment which can compete on international markets. This means, first and foremost, reducing uncertainty—and so we come back to the constitutional problem, and to the urgency for all of us to achieve a more stable situation. Business investment and uncertainty never make good bedfellows.

In my opinion, it is not sufficiently recognized in Canada today that the uncertainty which plagues the investment commitment process is far more pervasive than it was a decade ago. This uncertainty is embodied in investment calculations, in the form of higher risk premiums, and prevents a normal package of capital projects from meeting acceptable financial criteria. Mr. Alan Greenspan, former chairman of the U.S. Council of Economic Advisers, has recently shown that such was the disturbing case in the United States. We in Canada have additional cause for concern, since risk premiums not only remember the last bout of inflation but, contrary to the situation in the United States, take into account that the worst might be still to come: the instability which may follow the removal of controls on prices and wages, the fall of the value of the dollar, the restriction of foreign investments, and above all the very existence of Canada.

In recent months several attempts have been made to compute either the costs and benefits of the present Canadian federal system. Published numbers did not disclose the true economic advantages of federalism. As the C. D. Howe Research Institute recently stated, the true benefits of federalism are derived from the free flow of people, goods and services within a large market, and also from having the same monetary unit supported by a broad-based economy. In fact, this was succinctly demonstrated during the oil crisis. One does not need to be versed in monetary matters to foresee what would have happened to a Quebec currency in similar circumstances. These variables form the basis of the federal bargain, encouraging different regions and people to unite. We Canadians live under a political and economic system which countries of the Common Market are gradually and painfully trying to approximate.

Mr. Leo Tindemans, Prime Minister of Belgium, in his report on Europe published earlier this year, recommended that Europe should present a unified front to the outside world. In order to achieve such unity, common economic and monetary policies, common policies on industry, agriculture and energy, and common social policies to reduce regional inequalities were recommended. *This is what Canada has today*. It would be a shame to destroy it all.

The large majority of Quebeckers agree with this point of view. The mere fact that PQ leaders are attempting to camouflage separation behind an economic association with the rest of Canada is testimony to this fact. Clearly on these matters some degree of consensus exists, and some of the roots of discontent in Canada stem from other considerations.

One of the most persistent sources of tension within Canada has been the linguistic-cultural duality of our country. Rather than facing away, one must foresee that the issue will acquire a new dimension. Four fifths of Quebec's population are francophone. The constraints placed on government employment growth are redirecting young job-seekers to the private sector. Because in our normal walks of life in Quebec the natural language of communication is French, the francophone who must compete with anglophones in situations where performance is based on oral and written skills of communication in English is at a definite disadvantage.

Differences in language must be viewed as an objective barrier to transactions. Such barriers imply that a cost must be borne to overcome them, costs of which francophones feel they have always carried more than their share.

To compete in the world of business, *we*, francophones, have to be bilingual. If you and I want to achieve our common Canadian goals, improvements must be made in that respect.

I recall the words of C. P. Snow:

> More often than I like, I am saddened by a historical myth. I cannot help thinking of the Venetian Republic in their last half century. Like us they had once been fabulously lucky. They had become rich, as we did. They had acquired immense political skill, just as we have. A good many of them were tough-minded, realistic, patriotic men. They knew just as clearly as we know that the current of history had begun to flow against them. Many of them gave their minds to working out ways to keep going.

They did not succeed. The new spice road had changed their gold into sand, and Spain and Portugal inherited from their lost wealth. But we Canadians are not in the same situation, and we can meet the challenge of the necessary changes if we will make essential compromises. I shall not pretend, however, that it will be easy and simple.

Thinking about the future of my country, seen from the Parliament of Quebec where I sit as member for Jean-Talon, I wonder if there are not reasons to be fearful.

Why do I fear? Why do I feel that this situation is one of crisis? The reason is simple. It is because I have no trust in the good faith of the political party which presently governs Quebec. Even if he speaks well and gives the impression of having an open mind, the Premier of Quebec and his political party have one idea in mind: to create an independent Quebec, and in so doing to break our country apart.

When the Premier and his colleagues talk about sovereignty-association, they often, and perhaps intentionally, give the impression that in fact they are talking about a renewed and improved federal system. Do not be taken in! *It would not be.*

Let me remind you that the present Minister of Finance of Quebec declared to the Economic Council of Ontario, right here in Toronto: "The PQ policy on a monetary union with Canada has changed over the years and now looks to a separate Quebec currency after separation."

The Premier, in an interview with American reporters of the *U.S. News and World Report* (issue of September 26) stated that an independent Quebec would probably apply to sign the NATO and NORAD agreements.

The Minister of Immigration said that he does not only want to have the power to limit the immigration, but also the power to control the outflow of Quebeckers. He also said recently that he would like to see Quebec become a paradise for political refugees from all over the world.

All those policy statements are attributes of an independent and separate state; it has nothing to do with a new type of federalism. In the PQ model of a sovereign Quebec, our relation to Canada would be exactly the same as that of Canada to the United States; we would be a foreign country.

We must not be led down a garden path by the present Quebec government, with the illusion that as long as René

Lévesque is the leader there are no problems. On the contrary, my personal feeling is that the problem in fact resides with him. He has the ability of getting his colleagues to do what the party really wants to do, and in the meantime he, the Premier, travels across the province and the country giving an image of reassurance.

As I tour the province, I urge my fellow French-Canadians to stand up and be counted for they are the first in line to correct the problem we are facing. I can tell you that I am getting a positive response.

I can tell you that the independence movement was not created only in the east end of the island of Montreal. If we are realistic, we must admit that Westmount, N.D.G. and Outremont have also had their share. Furthermore, one cannot deny the fact that an awful lot of English-speaking Canadians have failed to understand the French-Canadian reality.

But recriminations will lead us nowhere.

What we need in this country is the spirit of Robert Baldwin and Louis-Hippolyte La Fontaine, two great Canadians who succeeded in applying reason and common sense to their discussions, rather than emotion. Twenty-five years before the fact, they were the real fathers of Canadian Confederation.

As a French-Canadian living in Quebec, I say that this country will survive and prosper. To survive and prosper it needs a strong federal government; and that strong federal government will exist only if our national institutions reflect the duality of language and culture derived from our two founding peoples.

Let us bring back and remodel our constitution. By the same token, let us make sure that the Canada we want reflects the desire of the majority of Canadians in each province or region.

Before having a constitution that reflects first a division of powers between federal and provincial governments, let us make sure that the law of the land reflects the union of the people. We shall reach this goal if the Senate, the Supreme Court, the federal ministries and the large crown corporations, all of which have been created to serve all the Canadian people, constitute a fair deal for both French- and English-Canadians.

My profound belief is that in the process of repatriation we will have to include in the law of the land the fundamental rights of every citizen in Canada.

As a case in point, it is noteworthy that the Canadian Charter of Human Rights does not include any provision concerning discrimination on the basis of language. Admittedly the issue of language rights in Canada is highly emotional. Yet it is my deep conviction that it can be resolved; in fact, I believe it is the very virtue of a federal system that it has the potential, the flexibility, to provide a lasting solution to that kind of frictional problem.

The very essence of a federal system of government is to divide the sovereignty of the state between two levels of government, each having insofar as possible exclusive jurisdiction over the fields allocated to it. In a country of two linguistic communities, more or less concentrated in certain regions, it is possible to give regional governments jurisdiction over fields having a direct bearing on the cultural development of these communities. To a certain extent, this is already the case in Canada.

Secondly, the existence of a central government depends on agreement between communities This requires recognition of the rights of each individual throughout the country. Ideally such an agreement should form a Bill of Rights and be included within the constitution. A potentially divisive situation would evolve into a civilized society in which individual rights were part of the "supreme law of the land". This in turn would reduce tensions, since conflicts which are bound to arise from time to time would be settled by the courts rather than by heated debates in Parliament. Regrettably, this is not the case in Canada, and I believe this to be a major flaw in our present system.

That flaw was evidenced last summer when the Canadian Air Traffic Control Association (CATCA) and the Canadian Air Line Pilots Association (CALPA) defeated Canada's official language policy. Notwithstanding any other considerations, we should never have allowed, and we must make sure that we never allow again, a special interest group to dictate to the Canadian government the holding of a "free vote" in Parliament on matters of public policy. That to my mind is the very basis of democracy.

As I said before, in remodelling our constitution we shall have to clarify the divisions of powers between federal and provincial governments. There will always exist gray zones in a federal system; but when the new constitution has gone through the process of repatriation and the inclusion of an amending formula, we should elaborate a permanent form of consultation so as to avoid the unnecessary frustrations which often come from the "mandarins" of both levels of government and, of course, from politicians as well.

I believe that the repatriation and remodelling of the constitution could be accomplished in a fairly short period of time. We should then submit it to a referendum to prove the desire of all Canadians to live together. In majority by province or by region, the Canadian people would establish that framework, and place it in the hands of their provincial and federal governments for appropriate administration.

I am born Canadian. I am born French-Canadian from the Province of Quebec. As you have already all noticed, English is the second language in the City of Quebec. I hope and wish that some day French will be your second language.

As I told you earlier, for months I have been going back and forth across my province, carrying the message of Canadian unity. Most people I meet are realistic, calm and determined. They are confident, but they are taking nothing for granted. They are not taken in by the rhetoric of the separatists. They are ready to do battle democratically to keep this country together. They are convinced that Quebec's real freedom, and real opportunity, lie within Canada, and they are ready to go out and convince their fellow-citizens.

They need your understanding and support. They need to be assured that the rest of Canada will accept changes in our national institutions. They need to know the will of the people to live together, in mutual respect, from the Atlantic to the Pacific.

The appreciation of the audience was expressed, in English and in French, by Mr. John MacNaughton, Second Vice-President of The Empire Club of Canada.

OCTOBER 27, 1977

Government Secrecy—the Canadian Disease

AN ADDRESS BY G. W. Baldwin, C.P., M.P.,
MEMBER OF PARLIAMENT FOR PEACE RIVER

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: In a recent issue of *Maclean's*, Judith Timson wrote: "In an age where a great many members of our society believe that only five-year-olds lie more than politicians, Ged Baldwin is regarded as an honest man."

And a dedicated one.

For nearly twenty years, our guest of honour today has toiled in the House of Commons in a role many regard as that of the unsung hero. To be specific, he has acted as parliamentary secretary to the Prime Minister, official opposition house leader, chairman of committees on public accounts, justice, constitution, and member of committees on procedure, organization and regulation. In other words, a working parliamentarian.

Ged Baldwin has never opted for the easy road, or the indirect approach to national issues: on one occasion he actually tried to impeach John Turner, Edgar Benson and Otto Lang for contravening the Temporary Wheat Reserves Act of 1956. And on another, he refused a trip to New Zealand, the country of his birth which he left as a child and has never revisited—because provision had been made for the wife of the minister in charge, but no provision had been made for his wife, Beulah.

Ged Baldwin confronts problems. He has been referred to as "very much a man of the west", although he was not born there and has never owned a pair of cowboy boots.

During his legal career which commenced in Alberta in the late 1920s, Ged Baldwin had for clients generally newly immigrant homesteaders, Indians and Métis families. He was principal defence lawyer in twenty-five murder trials during those years. It was in this climate that he first ran into the great issue that has become his torch through his entire political experience. In his own words, "As a young lawyer, I became more aware of the unfairness of the system. Everything was stacked in favour of the Crown. They could get all the information they needed; I couldn't get any."

Thus started his crusade for more openness in government and typically he has pursued it energetically and pointedly. He has worked within the political system—to the extent that he has had private member's bills on the subject die four times on the Commons order paper—and he has tried outside the system as head of the League to Restore Parliamentary Control which has had expressions of support from an estimated two thousand people in a relatively short time.

The issue, he says, is nothing less than the restoration of the government's accountability to the people. Why shouldn't people be able to see the controversial report which led to the banning of saccharine? Why shouldn't the public know what the government knows about mercury pollution in Ontario and arsenic pollution in Yellowknife? Why shouldn't individuals know what facts are in their files in various Ottawa locations and how they got there?

Prime Minister Trudeau said during a recent Liberal policy conference held in this city that Canada already has as much disclosure as the United States, Sweden, or "any other God damn country that claims to be ahead of us". But Ged Baldwin doesn't agree with that statement.

If open government is the basis of democracy, he wonders if Canada, two hundred years behind Sweden in allowing citizens access to public documents and a decade behind the United States in enacting a freedom of information law, could be considered to have been a failure in the exercise?

Mark Twain wrote about the United States, but it pertains equally to us, "It is by the goodness of God that we have in our country three unspeakably precious things: freedom of speech; freedom of conscience; and the prudence never to practice either."

It is the level of prudence about which Ged Baldwin is concerned. The invisible and perhaps undefinable line that divides what is good for the government from what is good for its citizens.

Ged Baldwin plans to run for election once again when a federal election is called—it will be his ninth candidacy—and as one of his constituents is quoted in a recent article, "Well, you're a bugger for punishment."

Ladies and gentlemen, I don't believe Ged Baldwin thinks of it as a punishment. I think he would agree with Walter Lippmann, whose comment about newspapers in general applies exactly to his quest, "to bring to light the hidden facts; to set them into relation with each other and make a picture of reality on which men can act."

Ladies and gentlemen, it is a pleasure for me to introduce to you the Progressive Conservative Member of Parliament for Peace River, Mr. Gerald W. (Ged) Baldwin; who will address us under the title, "Government Secrecy—the Canadian Disease".

MR. BALDWIN: On October 11, an historic event took place in Strasbourg, France, when a favourable vote accepted Spain as a member of the Council of Europe and seated its delegation in the parliamentary assembly of the organization, the oldest of the European international parliaments instituted after the war to secure a greater unity and co-operation among European countries.

It has one feature not shared by other European assemblies; namely, the states which belong to it are all signatories to a Convention on Human Rights, with a Commission of Human Rights and a Court of Justice.

What is not well known is that prior to an application being accepted for membership, it is vetted by the assembly with inspection by experts on the Human Rights Commission, and it is necessary to get a clear bill of health on civil rights before the application is accepted.

While we do not belong to the Council of Europe, Canadians are invited, with people from other countries such as Japan, the United States, and Australia, to participate in the debate which takes place every year on the report of the Secretary-General of the OECD.

As an observer, this year, something which really impressed me was the clear relationship which several Spaniards made between the re-establishment of the democratic process in Spain after a lapse of over forty years of dictatorship and their acceptance of the undertaking to put into practice to the fullest extent the conventions of the Charter of Human Rights.

René Lévesque, who talks glibly about joining such international organizations, might well ponder this, because the treatment of the Inuit people of northern Quebec, and the interference with the traditional and constitutional rights of people in respect of English language rights in Quebec are clear examples of infractions of human rights.

It seems to me that in countries like Canada with a much longer experience in democracy, we are too often inclined to take our freedoms for granted and to forget that the democratic system will only flourish and be healthy, virile and strong if we practise and observe a continuing respect for human rights.

I place particular stress on the question of freedom of speech, freedom of the press, and the right to both to give and receive information.

There is another side to this issue. Mr. Van Lennep, the Secretary-General of the OECD, in giving his statement to the parliamentarians, in effect, repeated what he had said before in 1976; warning that, in an economic sense, the need of each nation is for moderate and controlled reflation —enough to take the worst edge off unemployment—but not enough to revive uncontrolled inflation.

That may be good advice but the increase in the indices of prices and the considerable increase in unemployment in Canada shows we have not yet found the correct formula.

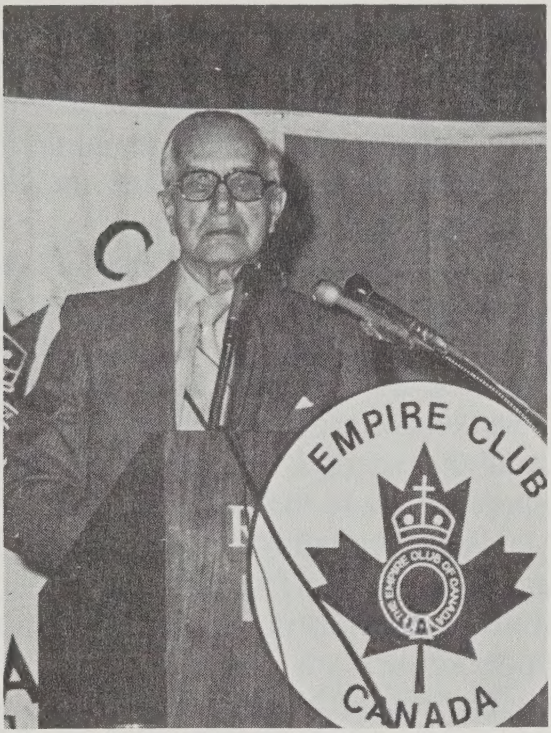
May I suggest to you that one of the basic reasons for this is lack of one universal and essential quality: confidence in governments, and belief in what is said by the leaders of government. And without that confidence, there is no trust and without trust, there is unlikely to be the public willingness to accept the proposals of the government and their leaders and the support that they must have.

It is not possible to hear the news almost daily without realizing that we are in difficult times—difficulties which are deep-rooted and tough—but these are problems which societies created and ought to be susceptible to solution; certainly of substantial diminishing by the same human society.

But for this to come about, there has to be a mood of understanding and co-operation between those who govern and those who are governed. This we do not have today and without it, our burdens will not vanish. And this, in turn, hinges on a sharing of knowledge which is the first and strongest line of defence of a society determined to rule itself; so that the public is or can be aware of the facts on which government operates.

The people will forgive—at least within reason—a government that makes mistakes, but will not accept rulers who lie to them. There has been too much of that!

For example, bearing in mind the track record of the government in Canada on the questions of economic forecasting, energy resources, and inflation and controls, why



G. W. Baldwin,
C.P., M.P.,
Member of Parliament
for Peace River

should people give credence to the measures that are being proposed? And this undermining, this rotting away of the public confidence in the government and its leaders, is fast becoming a cancer of malignant proportions.

If anyone wants to take the time to read the ministerial statements which accompanied the launching of most major projects over the last twenty years or more, it will be found that in almost all cases, the costs were always greatly underestimated, through gross negligence or deliberate deception.

We were led to believe by the theoreticians in the bureaucracy that we could look to the state for everything. Politicians in control were quick to take up the rhythm, and these programs were packaged in bright and attractive containers and sold to the public like products in the market place and paid for by printing money.

And now we are treated to the extraordinary spectacle of the Prime Minister and the Minister of Finance and their friends and supporting mandarins, all the backroom generals, who having pushed the Canadian people into disaster, are retiring into their plush dug-outs and telling us to fight our own way back to safety. They scold us for being too extravagant in our demands and suggest we exercise restraint, a discipline which they never have learned and never will.

In a recent article by Max Henderson, he points out that in ten years Ottawa spending has increased nearly 500 per cent. In the process, the bureaucracy has grown so large, become so complex, and so powerful, that it is like a Frankenstein monster out of control, plunging into waste and non-production. No wonder there is widespread scepticism and disbelief.

We are steadily working towards the extinction of the middle groups in society by fiscal and moral bankruptcy. Initiative is lacking and the individual is vanishing into the monolithic state.

The market place, with its restraints and sensitivity to the nuances of human nature, will disappear. We will be left for the time being with government authoritarianism: fascism with a mild face. And as night follows day, from this will come violence, disorder and extremism. And ask not for whom this particular bell tolls; it tolls for us all.

But we still have a choice. Parliamentary democracy has many faults, but all are curable. If we are bleeding it is from self-inflicted wounds. I have always held to the faith that the eternal wisdom on earth does not lie in our leaders but more in the sum total of all the people in a society; the need is to find a way of distilling that wisdom into the rules we make for conducting our affairs.

We need a legislature with more independence and objectivity; a lessening of rigidity of party discipline; reforms in the Commons so that there will be a true accountability by government to the people for spending and other programs; and finally and most important, open government with freedom of information, because incompetence and corruption are the handmaidens of secrecy.

In campaigning for less secrecy and more openness and honesty in government, we seek several goals:

1. The right of the individual to be informed about government actions in which he is interested or involved.
2. The right of Parliament and the press and other interested groups to have access to the facts upon which government has acted in order that they can scrutinize and, if necessary, challenge the correctness of the program.
3. Most pressing and urgent of all at this time is the need to restore trust and confidence.

If we are to successfully attack major problems of today, unemployment, inflation, energy, balance of payments, social stability and order in our large cities, and the special need in Canada to keep the country bound together in face of the fragile and frayed bonds of Confederation, there must be a sense of mutual respect.

Government, to be effective and believable, must be based on the principle that relevant information in possession of the government is made available on request, except clearly spelt out and limited exemptions such as defence and national security where there is danger to the country; criminal investigations where disclosure would interfere with law enforcement; matters of a private and confidential nature where information has been given on that understanding; certain internal working papers consisting of advice and opinion.

There should be an appeal to an independent tribunal of judicial nature whose decision would be binding. All procedures must be simple, summary and inexpensive. All costs of providing documents must not be so high as to be a disincentive. And there need to be indexes of government documents to permit an applicant to identify what he or she seeks.

We, who support legislation of this kind, have never claimed that such a bill would bring the millennium. But, it would be a giant stride forward to a climate of candour and decency by letting the sunshine and fresh air of public understanding blow through the musty corridors of power.

There doesn't seem to be anything formidable or dangerous about this, and such laws have, in fact, worked in Sweden for over two hundred years, in several of the other Scandinavian countries, and in particular in the United States since the amendments which strengthened the American Act in 1974 following Watergate.

Why is it then that a few wilful and perverse people who sit at the pinnacle of power in Ottawa reject these proposals, as they have recently done?

We are told that ours is a unique system of government and will not lend itself to such a scheme. Amazingly enough, this was the same argument that was advanced on behalf of President Nixon to the Supreme Court of the United States when he resisted the publication of the tapes which ultimately led to his resignation.

It is said that such a law will erode frankness and openness between civil servants and their superiors. This is nonsense. I think that most civil servants are no more afraid of being frank than other people engaged in similar jobs in private life. But in any event, we are not asking that all personal advice, opinions and recommendations be made public. Insofar as working papers are concerned, all that is required is that facts and statistical information which relate to decisions of government have to be made public.

It is said that the principle of ministerial responsibility, by which ministers are answerable for their departments to Parliament, is a bar to openness. This is fatuous nonsense. No minister can possibly know more than a small fraction of what goes on in the enormous departments of government today where the state has intervened so massively into every aspect of our lives.

Furthermore, under the system which prevails in Parliament, a minister is always protected by the majority vote of his party when an issue comes to a Parliamentary decision. In every case that I know of, where any attempt has been made to have a minister reveal facts in his possession and he has refused to do so, he was always sustained by his party.

Then it is argued that a judge or an independent tribunal are not competent to make the final decision as to whether governments must reveal documents. A recent working paper by the Federal Law Reform Commission challenges this attitude, and indicates that the Federal Court has, in fact, set aside decisions by ministers as well as those of federal agencies.

I have figures which show that at one time, in the Department of Justice in the United States, 55,000 people had the right to put the confidential stamp on a document and 18,000 had the right to put secret on a document and 3,000 the right to put top secret. Now, if thousands of people like this from the very narrow position they occupy are vested with the authority to classify documents as being confidential, surely a judge whose training and competence and independence are beyond denial should have an equal right to make a decision as to whether or not a document should be made public.

Governments must be prepared to be accountable, to act today on the basis that their actions and proposals will be assessed by the public and the parliament tomorrow in the light of the facts upon which they decided to proceed. This is the true basis of democracy and *accountability*.

To govern is a trust and like every other trust, there must be an accounting for the actions of the trustee. How can this be done if the doors are not opened and the truth not known?

In my opinion, governments, ministers and top civil servants underestimate the capacity of the public at large to be able to make sound judgements.

The question of the uranium cartel is a clear example. The government contends that it had to act as it did, to instigate the cartel and allocate quotas of production and fix prices, in order to maintain and keep viable the uranium-production industry in Canada. If this had been necessary and the facts justified it, the government could have put those facts before the public and asked for parliamentary and public support, and I am sure that it would have been obtained.

Instead, the government chose to instigate a James Bond type operation throughout the world with secret meetings, with hidden agents concealed in the European bureaucracy, with official guarantees of freedom from prosecution. When discovery was made some years later, they were then driven to pass a horrendous and shocking Order-in-Council.

What we see going on between the years 1972-75, is, on the one hand, a government in Ottawa apparently committed to strong competition legislation, including amendments to the restrictive trade practices laws. And, on the other hand, engaged in a secret and illegal conspiracy to operate the uranium cartel. Surely no government was ever caught in such a mess of hypocrisy and duplicity. It is no wonder that they were anxious to hide what they were doing. "What a tangled web we weave, when first we practise to deceive."

In a similar way, this same sort of criticism can be levelled at the authorities in connection with the activities of the security forces. We have been told that the breakin at Montreal was absolutely necessary because the authorities were searching for some evidence of a plot advocating violence, apprehended insurrection, hijacking of planes and the seizure of prominent personalities.

Now, if this was so, it was a very dangerous situation. Certainly, the law enforcement agencies would have received public support for making all reasonable efforts to prevent such action. So, if anything had been uncovered or if there had been any facts to justify the actual breakin (even without a search warrant) illegal though it was, if the government and the Prime Minister had made public the reasons upon which they acted, I'm sure that while there would have been some criticism, their actions would have been ultimately condoned.

But, in fact, we have never been given any statements at all to support the allegations of apprehended violence and have been treated to a childish display of irresponsibility and deception. We were first told that there was no breakin at all. Later on, when evidence was available, we were told sheepishly that there were improper activities. The people at the top, who should have known about it, have stoutly maintained their complete ignorance until a short time ago.

It is well known that Prime Minister Trudeau and his then Solicitor-General, Mr. Goyer, were and are paranoid about Quebec and violence in that province. No one will ever convince me that senior police officials of the federal, provincial, and municipal forces, engaging in an operation of this kind, would not have reported to the top officers in their respective forces and that, in turn, these would not have reported through the Solicitor-General or directly to the Prime Minister. When these gentlemen stated in Parliament that they had not been informed, I simply didn't and don't believe them.

All this is an illustration of the stupid, unnecessary, childish deception which has brought the public of Canada to the position where they disbelieve and distrust the government and distrust politicians.

It is good clean fun for people in public life, and others, to bang the media around, and there have been times and circumstances when, like the rest of us, they've made errors, but in relation to the campaign for open government I have received support from all the media elements. It may be self-interest but it is enlightened self-interest.

The Canadian Community Newspapers Association and the Radio Television News Directors' Association have all been active in stories, editorials and public affairs programs, vigorously promoting the cause of open government, because they recognize that it is an assault on reality in this age of communications to deny facts to those most entitled to receive them.

Now, where do we go from here? Either we accept the inevitability of a continuation of a sort of Prime Ministerial dictatorship which could, in turn, be followed by some drastic reaction which might well be accompanied by violence, or we can build on what we have. Change it, better it. For me, the last is the only way to follow and I urge all who feel the same way to give their support to the kind of proposals I have been making.

I know that the road will be long and difficult and that there are rivers to cross and mountains to climb—but, we have the knowledge and the tools to do these things.

All we lack is the *will*!

This, we *must* find!

The appreciation of the audience was expressed by Mr. H. N. R. Jackman, a Past President of The Empire Club of Canada.

NOVEMBER 3, 1977

The Canadian Economy in International Development

AN ADDRESS BY Michel Dupuy,
PRESIDENT, CANADIAN INTERNATIONAL DEVELOPMENT AGENCY

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: Comedian Joey Adams tells a story about his youth. He recalls, "I once asked my father to buy me what the poor kids had. He said, 'What do you want?' I said, 'Buy me a slum.' He then asked my mother for her okay and she said, 'It's okay with me. Just make sure it's in a nice neighbourhood.' "

Our guest of honour today, Mr. Michel Dupuy, is president of the government agency that is trying to create good neighbourhoods on an international scale.

There is little need for me to expound to you the objects of the Canadian International Development Agency. With a budget in the area of one billion dollars and employing approximately one thousand civil servants, CIDA supplies aid to some seventy developing nations that have climate, terrain, resources, political systems, cultures, languages and economic systems very different from those in Canada.

CIDA's announced aim has been to provide aid for the poorest people in the poorest countries and in fact the agency concentrates on countries where the per capita income is below two hundred dollars per year.

Nonetheless, the mere size of CIDA's financial commitment has made it the subject of scrutiny in the Auditor General's office, in Parliament, and in the press—so if one wanted a definition of the fabled "hot seat", the presidency of CIDA is probably as good a definition as there is.

Michel Dupuy took over the agency in February of 1977 —as heralded by *The Toronto Star* in the heading "Aid Agency Gets Trouble Shooter".

The Globe and Mail speculated that "The change represents a move from a man who has kept a high profile [Michel Dupuy's predecessor, Paul Gerin-Lajoie] to one who has moved largely behind the scenes over the years."

It is true that Michel Dupuy has been in government from the beginning of his career. He started in the Privy Council and a year later was moved to External Affairs. During this training period—and I'm assuming that the training period finished when he took on his present position—he served in Washington, in Brussels, and then returned to Ottawa to become the Director of Economic Affairs. He has represented Canada as deputy head of the Canadian Mission to the European Communities and as Deputy Permanent Representative to the Canadian delegation to the North Atlantic Council in Brussels. And before taking on his present position, he was director of the Bureau of Economic Affairs in Ottawa and finally Under-Secretary of State.

Born in Paris and educated in schools in Montreal, Oxford and Paris, Michel Dupuy takes over an agency which can be said to suffer generally from a lack of credibility with the Canadian public. All of us, I am sure, have heard one story or another about the lack of communication within the agency or misunderstanding of agency projects—usually in pretty ludicrous terms. There is no doubt that foreign aid is a particularly sensitive area.

For example, Gamal Abdel Nasser, late president of Egypt, is quoted as follows in a speech in which he turned down an economic aid package being offered to his country from the West: "We're a sentimental people. We like a few kind words better than millions of dollars given in a humiliating way."

That feeling on behalf of the recipient, combined with the uneasy feelings about agency competence that one hears in Canada, sets the framework inside which Michel Dupuy must operate.

Perhaps Shakespeare said it best in *Hamlet*. "For to the noble mind rich gifts wax poor when givers prove unkind."

Ladies and gentlemen, it's a pleasure for me to introduce to you the President of the Canadian International Development Agency, Michel Dupuy, who will address us under the title "The Canadian Economy in International Development".

MR. DUPUY:

Perhaps I am tempting fate by speaking about foreign aid at a time when unemployment is reaching all across the country, when several Canadian industries, such as textiles, footwear and electronics, are having serious problems because of drastic import competition, and when many communities are afraid of having their economic props knocked out from under them.

With our current economic conditions the two most frequent questions Canadians are raising about development assistance are:

Why are we in the aid business? and

Are we doing it well?

Indeed, ever since I became President of CIDA earlier this year, I have been much concerned with these two questions and the significance of our aid program for our national interests and the Canadian economy. So much so, that I have chosen them as the subject of this address, even to the detriment of other north/south issues which well deserve attention. But the field has become too vast and complex to be covered in the time available today. Let me simply say that I regret it because many north/south issues are much in need of clarification and understanding.

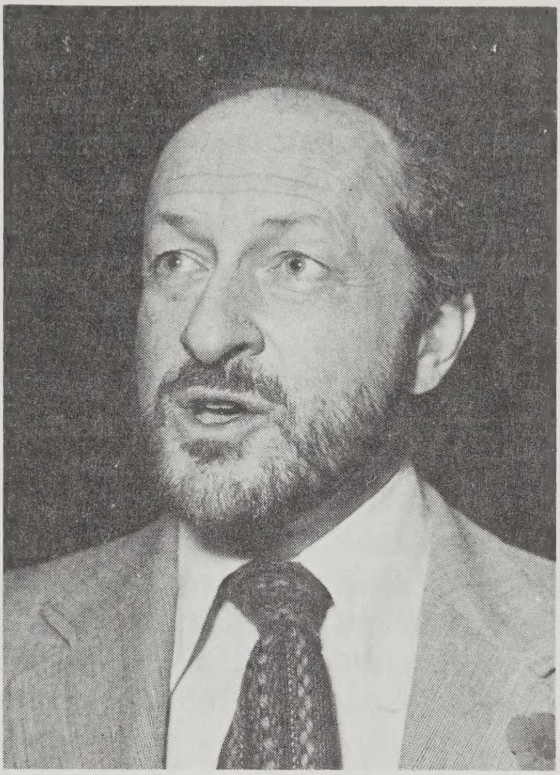
Why do we have a large program of assistance to international development? We all know that poor countries need it. The point I want to make is that we too need it.

A common perception of foreign aid in general, and of CIDA in particular, is that we are handing out our tax dollars to assist the poorer countries of the world, and that we are doing this exclusively out of altruism, human solidarity and a moral imperative.

Far from being apologetic, we, as Canadians, should be proud of what we have done. Do we want to live in a world of starvation, violence, poverty and destruction? Surely not, because this is not what Canada is made for. We know that in what is fast becoming a dramatically interdependent world, we cannot let more than half of this world go from bad to worse without taking an extremely short-sighted and wasteful view of our own future.

Thousands of Canadians who have served abroad have brought to their work a devotion, an understanding and a sense of duty to mankind which is all too rare in international relations. It is said by some that we are wasting our money on aid, but I am glad that no one has ever suggested that these devoted people are wasting their lives. The developing countries themselves are not mistaken. They have recognized and praised the disinterested character of Canadian aid. We owe this recognition to those Canadians who have made it work; CIDA people who, over the years, have done their best, often in trying circumstances; consultants, teachers, engineers, executives, representatives of provincial governments and, not least, non-governmental organizations. I have met many of these people, either in the field or on their return. They had their rewards and disappointments, but they felt that the experience had enriched their lives and improved their ability to contribute to our national life. I have said before, and I am pleased to repeat, that we intend to give non-governmental organizations increased support.

But there is more to foreign aid than a moral imperative



Michel Dupuy,
President,
Canadian International
Development Agency

and an enlightened view of human solidarity. The funds expended under that heading reflect our immediate concern about the north/south division of our planet, the current state of the world economy and the political tensions they are creating. Foreign aid, or its up-dated version, international development co-operation, serve other legitimate Canadian interests.

Many have described, far more vividly than I could, the risks and dangers inherent in an ever-increasing economic and social gap between rich and poor nations. We do not need the hindsight of historians to appreciate that it is one of the most compelling and dramatic problems of our times. Surely one of the lessons of the recent energy crisis, and of world recession, is that no country is immune from major changes, let alone upheaval, in the world economy. It has long been recognized that the well-being of developing countries is related to that of industrialized countries, but only more recently that the reverse is no less true. It is unfortunate that this basic interdependence between developing and industrialized countries should often be obscured by the tensions or rhetoric of the north/south debate; because it is on compatible long-term interests and a growing sense of solidarity that the best chances of progress rest.

Canada, less than any other industrialized country, can remain indifferent. We have a vulnerable economy, and we are both an industrialized and a developing country. Our best future lies with a balanced and growing world economy in which developing countries have their rightful place. Surely, to contribute to it is in our own long-term interest. I shall not attempt to evaluate at this point to what extent this contribution should be in fields other than aid—such as trade in commodities, structural reform, access to markets, debt relief and other elements of the New International Economic Order (NIEO). This in itself could be the theme of another address. But clearly the magnitude and spread of the problem call for an integrated approach, including a vigorous aid program. Moreover, I think we can agree on the need for wise handling of the economic levers, both nationally and internationally.

Even though developing countries are increasingly looking to automatic forms of resource transfers based on structural changes in the world economy, their need for aid is not abating. Indeed, the needs of many have never been so great or so urgent. With rising energy costs, deterioration in terms of trade and mounting indebtedness, their balances of payments have become precarious. Failing an increased flow of official development assistance, they will have to borrow more on money markets. When they have reached the limit of their ability to borrow—some are already there—their policy choices will be a curtailment of their development plans, protectionist action to safeguard their balance of payments, or default. Will any of these courses contribute to the expansion of the world economy which we so badly need? Yet this may be the alternative to responsible aid and international development policies by major donor countries.

Our aid programs are also at the inception of our bilateral relations with most developing countries. If we want to build lasting and mutually beneficial relations, we must help their social and economic development with a keen understanding of their problems. Many industrialized countries who are our main competitors already have well-established relationships with a number of developing countries based on their colonial past, or on geopolitical and historical factors. These industrialized countries realize full well the increasing importance of developing countries in shaping the world economy. And so should we. Many of these developing countries may prove to be our indispensable partners of tomorrow. It is for this reason that our bilateral programs are of even greater significance in the development of sound economic relations between Canada and the developing world.

Let me finally deal with the argument that "Charity begins at home." Yes, it does. This is why 60 per cent of our total aid budget is spent in Canada for goods and services provided to developing countries. The sum is close to $650 million annually. It is estimated that about 100,000 jobs can be related directly or indirectly to our foreign aid program.

The bilateral aid programs provide foreign markets for key Canadian industries and may sometimes represent a major source of contracts. For example, projected CIDA spending for this year in the field of energy, is about $56 million. Expenditures on transportation infrastructure and equipment are even greater, particularly in the purchase of rails, rolling-stock and locomotives, which should reach over $70 million this year. We have spent about $100 million on telecommunications over the past five years.

Loans and lines of credit to developing countries, which are in excess of $70 million for this year, provide that goods and services will be purchased in Canada. The favourable rates of the loans, zero or three per cent, allow Canadian suppliers a competitive edge, and the business resulting represents additional revenue for Canadian manufacturers. This revenue, in turn, maintains employment, supports production levels and helps industrial expansion here.

By establishing Canadian technology and expertise in the developing countries on whatever terms we grant them, we are laying the groundwork for repeat business and for an expansion of Canadian trade in the future. I trust this opportunity will be seized by many Canadian firms. At the same time, it becomes possible for Canadian investors to gain preferred terms for investment in many developing countries.

These are legitimate features of our aid programs. Developing countries need, in addition to our understanding, our skills, our equipment, our food, our commodities, perhaps even more than our money. They well understand our desire to establish long-term viable economic relationships with them based on their capacity to grow, because they want to establish the same kind of relationship with us.

One hears a good deal about the dwindling support in Canada for development assistance. This is a matter for genuine concern, if it is right that foreign aid contributes to a better world environment and the development of mutually beneficial relations between Canada and developing countries. I am happy that the majority of Canadians still make a positive judgement. The latest public opinion poll carried out by the Centre de Recherche sur l'opinion publique of Montreal concludes that 54 per cent of Canadians are interested in the developing world; and more remarkably, 54 per cent of Canadians, the same percentage, have contributed money to agencies working for development in those countries.

However, there is no room for complacency. It is not enough to have sound reasons for giving aid. It must be well managed. Indeed, much of the current questioning of our aid programs is addressed less to its intrinsic validity than to its management.

"Are we doing it well?" is a far more complex and difficult question. Here we have to measure against agreed objectives and criteria each and all of the main elements of an aid program. The volume and growth rate of ODA; the relationship of aid to other resource transfers; its quality measured in terms of liquidity, procurement, grant/loan ratio and loan terms; the relative importance of various aid channels—bilateral, multilateral, food aid, special programs; geographic distribution, sectoral distribution and target groups. The examination has to be in terms of both effectiveness and efficiency. International development is no longer a simple business.

Economically developing countries are not a cohesive unit, although their political solidarity is beyond question. One cannot rate Saudi Arabia with Chad or Nepal. If we are to be responsive to the needs of the countries we want to help, we must accept that these needs are diverse and relate to different levels of development, and that our aid programs will reflect this complexity. It must also be recognized that the border-lines between survival, absolute poverty, under-development and economic take-off do not necessarily coincide with national borders, which further add to the complexity. Indeed, we lack agreement on a reasonable definition of these terms.

In our evaluation we must also bear in mind that transfer of wealth cannot be separated from creation of wealth; a valid method of transfer may have to be rejected if it reduces the global capacity to generate wealth.

I do not make these points in any apologetic way, but to illustrate why the evaluation of our aid programs has become such an increasingly difficult business and why we are often prone to make emotive, rather than considered, judgements about aid.

Understandably, we do turn emotive each time we hear of another so-called "horror story". You may recall the "ship that would not float", a fisheries school vessel destined for Colombia. As it turned out, the ship was sound; it was the test that was faulty. What about the rotten potatoes for Haiti? The ship was caught in storms, the hatches leaked, and the potatoes were indeed very rotten. Yes, it is true that some cattle died on an air shipment to India. But Idi Amin never had, as alleged, a huge barbecue party of Canadian beef at the expense of the Canadian taxpayer.

In this business we have to contend with storms, collisions, strikes, illness, delays, acts of God and human error. I have no secret formula for unfailing success; but I do welcome a critical interest in our activities because it helps us to learn and improve. I will, for my part, do all I can to share our experience, knowledge and quandaries with all those interested in development, so that Canadians may become better informed in their understanding and judgements.

Much has been done in CIDA over the past six months to improve our ability to manage the Canadian aid program and relate it more closely to the Canadian economy.

The Canadian government's decision of May last to stop the decline in the percentage of ODA to GNP determined the minimum rate of growth in our budget, and has improved our ability to plan the management of our cash flow over the next few years.

We have completed a corporate review and will shortly implement some organizational changes which will help tighten the management of programs and projects. We are also reviewing the Strategy for International Development adopted in 1975 for the second half of this decade, to determine the extent of its continuing validity for the 1980s.

We are making good progress on the development of new forms of co-operation, including industrial co-operation which we hope shortly to bring past the experimental stage. We shall look closely at what other countries are doing to facilitate the adaptation of their own economy to meet the challenge of co-operation with developing countries.

In these tasks we are pursuing several major objectives:

1. We want better to relate developing countries' needs to Canadian capability. It is a paradox of our times to have idle capacity in industrial countries when there are such pressing needs in developing countries. The nature of our programs should reflect what we can do best. There is already an increasing concentration in our bilateral program on sectors of high Canadian competence relevant to developing countries, such as certain areas of agriculture, forestry, water resources development, transport, communication, energy, resources surveys, technical training, and so on.
2. We want to improve our effectiveness and efficiency. This means a sharper definition of our objectives, better evaluation and tighter management. It also means a greater presence on the ground—such complex programs cannot be run by remote control; greater understanding of the development needs of the countries we help; and a determination to resist dispersal of our efforts.
3. We want to provide greater opportunity for Canadian private initiative to relate to the development of developing countries. CIDA has pioneered co-operation with non-government organizations. Provincial governments have been associated with VADA, a voluntary program for food aid and agricultural development. Canadian universities are showing much interest in participating in research for development. Our industrial co-operation program will be designed to provide more support to business initiative. We intend to contract out to the maximum extent, compatible with a tight control over the expenditure of public funds. The strength of our program will not be measured by the size of a bureaucracy, but by the amount of support it receives from all sectors of Canadian life.

I realize I have not yet answered the question: "Are we doing well?" I have instead talked about how we intend to do better because it is my prime concern. But I have, of course, my own evaluations for my own purposes. In brief, I believe that our programs, even with the soft spots which our corporate review revealed, well deserve, as a whole, the fine reputation they have in the world. And I also believe that CIDA can be made into an increasingly valuable instrument of national interest and foreign economic policy.

In conclusion, I would not like to leave you under the impression that the assistance we provide to the Third World is, in the future, to be inspired solely by commercial and selfish considerations. If I have insisted at length on the returns from foreign aid, it is because so little is known about that aspect of our activities that I felt something should be said to set the record straight.

It is my conviction that there exists no fundamental contradiction between the economic interests we serve at home or abroad and our idealism. It is in this light that about one-third of CIDA's expenditures are aimed at providing basic human needs in the poorest parts of the world. This is a kind of obligation that Canada should not refuse—and that Canadians do not want us to ignore. The ability of non-governmental organizations in this country to raise on their own almost $50 million annually for assistance abroad conveys a very strong political message. And it is being heard.

Finally, I think that most of us, however great our altruism, still believe that we are our brother's keeper. This may not be enough in a turbulent and unstable world. Perhaps we should consider whether we can be our brother's brother.

The appreciation of the audience was expressed by Mr. William M. Karn, Past President of The Empire Club of Canada.

NOVEMBER 10, 1977

The State of Broadcasting or Broadcasting and the State

AN ADDRESS BY Stuart MacKay,
PRESIDENT,
SELKIRK HOLDINGS LIMITED

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: Our guest of honour today, Mr. Stuart MacKay, is a broadcaster. He has been a broadcaster since he was eighteen years of age but it was not his first choice of a career. His first selection was to discover the world by shipping out on an oil tanker bound for Peru. But instead of leaving from the wharves at Vancouver, where he was living at the time, he wisely decided to cross that unconscious barrier of the Rocky Mountains and catch the tanker in Montreal. He got no further than Edmonton where he took a job as a record file clerk at CJCA Radio in that city.

Broadcasting must get in your blood, because thoughts of Peru and oil tankers were soon put aside in favour of continuing his radio pursuits.

They say that the real news comes over the fence—not over the air—but Stuart MacKay hadn't heard that piece of wisdom and as a result continued his Canadian odyssey, pursuing a broadcasting career in Winnipeg, Regina, Vancouver and finally in Toronto. Here he was general manager of All-Canada Radio and Television before becoming president of Selkirk Holdings Limited, one of Canada's major communications companies with radio, television, cable and allied interests in Canada, Great Britain and the United States.

"You didn't sell your soul back in those early days of broadcasting," he is quoted as saying, "you gave it away." But years later, according to Sherry Craig, writing in *Marketing* magazine, "Though there are other interests and responsibilities, broadcasting is an obsession. Hard to define. Harder still to ignore."

Stuart MacKay has done almost every job in broadcasting. He has swept floors. He has announced. He has sold time. He has managed stations. He has even sung with the band.

"I often wondered whether I was hired mainly because I could hit high C," he says. "You didn't get a job in those days because you were a particular find. The business just seemed to attract a great number of characters who were able to improvise and make up their own rules to fit the situation as they went along. That was the beginning—those were the good days."

Today, Stuart MacKay is concerned about broadcasting and about the attitude of the government to broadcasting.

Senator Keith Davey, in his 1971 "Report to the Special Senate Committee on Mass Media" said, "Privately owned radio has often been successful in its own terms: profitability, stability, and unflagging mediocrity."

If you multiply that comment by the number of media critics, both internal and external, it should be obvious that there are areas of real concern to those in the industry.

In addition, there have lately been a number of thorny specific issues—the most potent of which seems to be that of pay television.

As a major cable operator, Selkirk Holdings and Stuart MacKay delivered a brief to the Canadian Radio and Television Commission which went against the established broadcasting position in Canada, which prefers to ignore the entire area until the Canadian industry is in a better position to meet American competition.

Selkirk's brief outlined the alternatives available and pointed out that "Everything isn't always black and white."

Despite his somewhat awesome corporate responsibilities, our guest of honour finds time to contribute to his community and is a past president of the Metropolitan Toronto United Appeal, vice-chairman of Ryerson Polytechnical Institute and founder of the Migraine Foundation. He views his position at Selkirk as "Just a messenger between different components that all come together here. I am the sum total of their efforts—good and bad."

Sir Henry Thornton wrote, "The future of broadcasting rests with the individual who turns the dial." But how about the industry that creates the product?

"When one publicly appointed body deals with another publicly appointed body, where does the private sector fit in?" Stuart MacKay wonders. "Who is going to speak for the private broadcaster when all the legislators sit down?"

Ladies and gentlemen, it is a great pleasure for me to introduce to you the President of Selkirk Holdings Limited, Mr. Stuart MacKay, who will address us under the title, "The State of Broadcasting or Broadcasting and the State".

MR. MACKAY:

Mr. Chairman, ladies and gentlemen: These are troublesome times for us Canadians and, over the past few weeks, as I have thought about what I should say to you today, I have returned again and again to the wish that I could make my theme something like "How to be a Canadian—and not worry." But that's another speech.

I am honoured and most grateful for this opportunity to talk with the members and guests of the Empire Club about some matters in broadcasting that go far beyond my business concerns as a broadcaster and indeed may profoundly affect all Canadians and the very future of this country.

Broadcasting has been more important to the social, cultural and political development of Canada during the past fifty years than in any other country in the world. This is a fact which has been dictated by the other two essential facts of Canada—its geography and its political duality. Thus, it is not surprising that when Marconi began his first wireless experiments at Glace Bay, Nova Scotia he was supported enthusiastically by Canadians. From those beginnings at the turn of the century, every technological innovation in broadcasting has been eagerly seized upon by Canadians.

Canadians had the first radio broadcast in the world. We had the first continental microwave communication system and are among the world leaders in many respects in satellite communications.

Canadians have seen broadcasting in quite a different light than any other people . . . as the protector of our cultural nationhood. And this idea has been given legislative expression in the Broadcasting Act, which commands the Canadian broadcasting system, both government and private, to, among other things, strengthen and enrich the Canadian cultural, social, political and economic fabric.

Government has been attempting to ensure that Canadian broadcasting carries out this obligation as governments do, by passing laws and regulations and establishing a bureaucracy. For example, you are all aware of the fact that the CRTC has ruled that Canadian TV stations must broadcast at least 60 per cent Canadian content. These are honest attempts by well-intentioned and intelligent politicians and government employees to shape broadcasting in the best interests of Canada. But, no matter how hard they try—and they *do* try hard—the results continue to be disappointing to both broadcasters and government alike as Canadians stubbornly keep turning to U.S. programs.

Compounding the problem of "Canadianization by regulation" posed by the citizen's freedom to watch or listen as he and he alone may decide, is the availability of U.S. broadcasting stations.

Stuart MacKay and the President, Peter Hermant

Enter that phenomenon of the decade, cable television!

It seemed so innocent, so undramatic in those early days, just a few years ago, when a handful of cable-TV operators did business in the cities mainly along the border. Then suddenly, cable television seemed to take off. The broadcasting authority, on becoming increasingly aware of its potential, admitted cable television as a broadcast undertaking, permitted its expansion via microwave and more recently a cable-TV network, and issued licences virtually as fast as they could be processed. There were those who had dreams for cablevision, particularly in those early days, as a new, revolutionary means of linking people together over community interests and problems. Maybe this will come to pass in a meaningful sense, but thus far cable has, in fact, been the means of providing Canadians with a wide range of U.S. television stations and U.S. network program alternatives.

Today there are approximately 400 cable companies in Canada, providing full TV service to more than half of all the households in the country. Cable TV provides, in addition to the Canadian stations, the total output of every major U.S. network, some other services, notably FM radio, and these add up to the most comprehensive radio-television service in the world. But, I must add, a comprehensive television service dominated by U.S. content.

Make no mistake about it, cable television in Canada is here to stay and it's growing. The expansion of cable has revolutionized Canadian television so quickly, that it has actually outpaced the regulations which, in the face of the varied television services currently provided, are rapidly becoming outdated and inappropriate to the new television scheme of things. We have so much U.S. programming available to Canadians today that our Canadian system, which was designed to provide a service that would be always essentially Canadian in content and character, has now emerged as a system which is *guaranteed* to provide a service which is primarily American in content and character.

Can you believe it? Can you understand the frustration of the broadcaster who continues to beaver away at his 60 per cent Canadian content regulation? Canadian programs adrift in a sea of American-made productions. The competition is rough. Let me give you an example close to home: a listing from the *TV Guide* on Tuesday, October 4 at 9:00 p.m. Nineteen channels were listed—eleven were Canadian—eight were U.S. Only four of the Canadian stations were *not* carrying U.S. programs.

On that evening in that particular time period, the Bureau of Broadcast Measurement reported an unusually high audience rating: 49 per cent of the total adult population of Toronto were watching TV; 21 per cent were tuned to U.S. stations; 67 per cent were watching U.S. programs on Canadian channels; 8 per cent were watching Canadian shows on Canadian stations and 1 per cent of the audience was tuned to the Ontario educational station watching Greek mythology—Ulysses.

If you're mentally totalling the percentages you'll know that we're three short of one hundred. That 3 per cent represented peripheral stations and the ratings were too low to report.

Has our government's mission then become to further Americanize the Canadian family? Certainly not. And yet, that is the fate that would seem to have been cast for us by virtue of the proliferation of American programs now being retailed or sold to Canadians.

Let me give you another example of what is actually happening to broadcasting in Canada. The city of Calgary used to be served by two television stations. With the introduction of cable, that city is being served by six more stations. The result, of course, is that of the total English-language programming carried to Calgary homes by cable, U.S. program hours hold a more than three-to-one edge over Canadian program hours. The figures for the week of October 29 to November 4 of this year were 214 hours of Canadian program time, and 677 hours of U.S. programs. American stations, I need not remind you, are licensed and controlled by the American FCC and are on the air to serve, not Canadian, but U.S. communities' needs and purposes.

This depressing statistical measure can be repeated countless times over, across the length and breadth of Canada. The political and cultural shock waves of this American inundation tear at every thread of the Canadian social fabric.

Our Canadian dilemma seems clear enough, then. So, what's to do? In attempting to find the answer—and this is now a matter of concern to government, broadcaster and cable operator alike—I begin with the basic, essential goal which is to ensure that Canada has a strong radio and television broadcasting system, a combination, as at present, of both CBC and private stations, and cable operated by Canadians, producing, broadcasting and/or releasing Canadian entertainment, news and information.

A review of the present system reveals that two elements of our broadcasting system, cable and Canadian television stations, have the potential of working, in effect, at cross purposes. For, while cable can often improve the reception of a Canadian TV signal, it also improves the signals of U.S. stations, thus increasing the competition for audience.

My company over the years has consistently attempted to interest the CRTC in the merits of broadcast and cable getting together through joint ownership. It seemed to us, then as now, that the business of cable would continue to affect Canadian broadcasting efforts and that, as a result, there would be considerable merit in the two joining forces, not only for economic reasons, but for technological and indeed social reasons as well.

Madame Jeanne Sauvé, Minister of Communications, not long ago indicated there was, perhaps, something to be said for joint ownership and I sincerely hope this will be the case, even though cable companies, like broadcasting stations, now represent very major investments. But the principle is important. Private broadcasting must be allowed to remain relevant to the total structure of broadcasting. With the growing interest of provincial governments in broadcasting, and the continuing expansion of the federally-subsidized CBC, it is imperative to the orderly development of our free broadcasting system that the non-government broadcasting or private sector be encouraged to grow, at the very least, in tandem with the growth of the public sector.

Mr. Chairman, the Canadian broadcasting system has been placed under the guidance of the government of

Canada as a direct response to the threat of cultural annexation by the United States and the central idea of all our legislation and regulation in Canada is the fostering of our Canadian broadcasting system so that it can develop a sense of unity and shared destiny among all Canadians. Who could quarrel with such noble purposes? But what we now must do is find new ways to the achievement of these purposes. One way, in my view, is through a new kind of service, a Canadian Pay-TV service that could emerge as an alternative to present television services.

We have told the CRTC that if Pay-TV is to be introduced into Canada, it should meet all the criteria enunciated by the CRTC and by Madame Sauvé. These criteria, which bear repeating, are as follows:

First, that Pay-TV shall develop to primarily benefit Canadian broadcasting, Canadian program production, and Canadian creative talent. Second, it must not duplicate existing programming. Third, it must ensure production of high-quality Canadian programs that Canadians will watch. Fourth, the system must have the capability of producing programs in Canada that will achieve international sale.

Can all these objectives be attained? Frankly, I do not know, but they seem to be to be relevant to our country's needs.

On that premise, our companies' submission to the CRTC recommended that if a decision was made to proceed with Pay-TV, it should be via a dedicated channel on cable. It should be financed by an additional fee which would be paid by every cable company. Thus, every cable home in the country would receive Pay-TV. The amount of the extra fee would, like other basic cable fees, be authorized by the Commission. Further, we have proposed that the extra fee be turned over to the program agency originating the Pay-TV signal.

It is estimated that if every cable home paid 50¢ a month, a total of between eighteen and twenty million dollars would be available to launch a Canadian Pay-TV industry.

It is our view that not more than two programming agencies should be licensed nationally. (If there were two, one could be English and the other French.) I cannot see any justification for local or regional Pay-TV programming agencies at this time. The programming agency or agencies should be federally incorporated, with revenues going primarily into program production.

What kind of programming? Our brief contends that the object of the Pay-TV system should be to provide Canadian programming. Therefore, for example, American feature films, advertising, and sporting events carried by conventional television would be specifically prohibited on Pay-TV.

Needless to say, there are those who don't think much of this approach to Pay-TV, who think that they might rather enjoy getting into the business themselves, offering a combination of U.S. programs and Canadian. Their views will undoubtedly be considered by the CRTC as it addresses itself to the problem in the months ahead.

It seems to me, however, that what may be at stake at this juncture in the development of Canada's broadcasting system is survival. Here I am referring not to survival of the private Canadian broadcasting sector, nor survival of the CBC for that matter, for this worthy organization can only be put out of business by Parliament. Rather, I am referring to survival of Canadian reality to the extent that it depends upon Canadian broadcasting to strengthen the nation's social, economic, and cultural identity. The addition of an American-model Pay-TV service by itself may not be looked upon by most Canadians as too ominous. Yet, in light of the broadcasting system's decline in Canadian influence under the present tide of U.S. programming, it must be considered a retrograde step—a step toward disintegration of the Canadian sense of nationhood, as witnessed by television.

We envision a model that would be uniquely Canadian. It seems to me, while the economic risks are great, a Canadian Pay-TV service could represent a form of service worthy of such a risk. The Canadian model would start on a small scale and would grow in due course, reaching its level of success based on its ability to attract Canadian viewing. That is perhaps the major reason for the stand we have taken on the Pay-TV question.

A Canadian Pay-TV approach would introduce a new dimension to Canadian broadcasting. Is it too bold, too impractical, to dare to think of a Canadian TV service, an *all-Canadian* TV service in Canada by 1980?

Mr. Chairman, ladies and gentlemen, I'm afraid I must conclude on a sombre note. You should be aware that in March of this year the government in Ottawa introduced new legislation, Bill C43, the Telecommunications Act, which is proposed to replace the existing Broadcasting Act.

If enacted in its present form, Bill C43 would undermine one of our basic rights as Canadian citizens, the right to free expression and the concomitant right to be informed.

The question we have to ask ourselves is why the Cabinet feels it should claim this authority when such action would be likely to produce hostile public reaction in support of the normal approach in this country to freedom of speech and freedom of expression.

Bill C43 deals with aspects of radio and television program content that could fritter away the broadcaster's rights of freedom of expression.

The proposed act would give the Cabinet the authority to decide what may be allowed on air. Further, the Act would appear to place the CRTC in the position of having to enforce whatever the Cabinet decides is best. Given this circumstance, the question arises as to the independence of the CRTC.

When there is no obvious recourse, one must be terribly concerned about the CRTC's role, specifically, and the role of broadcasting in general. While, in our view, it is quite appropriate for the government to give direction to the CRTC on matters of broad policy, we believe that other policies, particularly as related to program content, should not emerge without public consultation. That is the one safeguard the CRTC, and indeed all of us, including the government, should have in order to protect our basic rights.

In the present legislation, the Broadcasting Act—now in danger of being superseded—*freedom of speech* is referred to as *a right entrusted to broadcasters*. That same Act declares *the right of persons to receive programs*. Thus it is quite clear that Parliament by statute recognizes, without special provisions or regulations, our right as citizens to free broadcasting media.

Freedom of expression has, of course, long been recognized as a basic freedom and a fundamental pillar of our democracy. In 1960, it was enshrined in the Canadian Bill of Rights, and in 1968, our Prime Minister, then Minister of Justice, recommended that freedom of expression be included in a Canadian Charter of Human Rights. He left no doubt that his use of the words "freedom of expression" or "freedom of speech" applied to broadcasting.

Ladies and gentlemen, under the proposed Bill C43, that freedom of Canadians could be dealt a crippling blow. I find it hard to believe that this bill was ever written, let alone introduced in our Parliament. I would find it harder still to think that such a bill could ever become law.

But, ladies and gentlemen, we had better be sure that our Members of Parliament fully understand the implications of the bill so they can take appropriate action.

The Canadian Association of Broadcasters, representing the private sector, is planning to discuss various sections of the bill with government officials and I am sure that organizations and individual citizens will do the same.

Lord Devlin, former chairman of the British Press Council, warns us: "If freedom of the press . . . perishes, it will not be by sudden death. . . . It will be a long time dying . . . caused by a series of erosive measures, each one of which, if examined singly, would have a great deal to be said for it."

Those concluding words of Lord Devlin, that the erosive measures which cause freedom to die may each have a great deal to be said for them, are significant.

There *is* something to be said for a measure intended to improve broadcasting. But you *cannot* impose the measures as proposed in Bill C43 without safeguards, no matter how great the provocation, without striking at the heart of our freedom as citizens.

The foundation upon which our broadcasting system has been built comprises government and non-government interests. Each has the capacity to accomplish much . . . each has the capacity to make substantial blunders. But together they represent and are recognized to be one of the best broadcasting systems in the world. In this regard the single most important contribution to be made on your behalf, by the private sector, is its freedom to always provide another point of view.

The appreciation of the audience was expressed by Arthur J. Langley, a Past President of The Empire Club of Canada.

NOVEMBER 17, 1977

New York: The Road to Recovery

AN ADDRESS BY Osborn Elliott,
DEPUTY MAYOR FOR ECONOMIC DEVELOPMENT,
NEW YORK CITY

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: The story is told of a westerner who was visiting New York City. While walking down a side street, he was held up by a bandit. "Give me your money or I'll blow your brains out," he was told. "Blow away," said the man from the west. "You can live in New York without brains but not without money."

Ladies and gentlemen, our guest of honour today is not a mugger—as a matter of fact, he probably feels a lot more like the muggee—but he is concerned about New York City and about the money that it needs to survive.

He is in the unenviable position of trying to do something concrete about one of the major problems surrounding life on the North American continent (if not in the rest of the world) in the latter half of the 20th century—how to make urban living financially viable for both citizens and the municipality.

The combination of increased population in cities and spiralling costs of social services are forces which every jurisdiction faces today. New York City, because of its pre-eminence among American cities, has probably been the hardest hit of any major urban organization.

Old solutions and traditional approaches have failed to deal with the new problems which have appeared. New York has been to the financial brink and then teetered back safely, but the situation is far from permanently corrected, and the city is now in the forefront of the fight to readjust urban economies in the light of social realities.

That fight is being organized and led by our guest of honour today, Mr. Osborn Elliott.

Os Elliott is a New Yorker. He grew up on East 62nd Street in Manhattan. His father was a stockbroker in Wall Street, his mother a successful real estate broker.

At Harvard, he played hockey (I'm not sure whether it was field or ice) and majored in Shakespeare and naval ROTC—the Reserve Officer Training Course.

"The Shakespeare was very helpful when I got aboard the USS Boston," he says.

He served aboard that ship during the war and afterward went immediately into journalism with the *New York Journal of Commerce*, later to *Time* magazine, and finally to *Newsweek*.

One of his closest friends, Richard Clurman, chairman of Time-Life Broadcasting Incorporated, says of Osborn Elliott, "Until he happened onto journalism, Os never really took anything seriously. Journalism changed his whole life. It has become the ruling passion of his life. If that had not happened, it would have been possible for Os to have worked downtown and succeeded. There's something in his genes that suggests he would never have been a dull fellow—a failure."

And he has never been a failure.

In his own words, "In twenty-one years at *Newsweek*, I had held just about every job there was to hold—senior editor, managing editor, editor-in-chief, president, chairman—and editor and editor-in-chief a second time around."

If that was not enough, he was chosen in 1959 by the U.S. Junior Chamber of Commerce as one of the ten outstanding young men of the year, he has been elected a

Fellow of the American Academy of Arts and Sciences, and he holds an honorary degree in Humane Letters from Michigan State University.

So how does a man like Osborn Elliott end up as the deputy mayor of New York charged with the responsibility of attracting and holding employment-producing commerce and industry for the city?

As his nine-year-old stepdaughter, Mollie, told him when he was appointed, "I don't think you should take the job with the city, Os." "Why not?" "Well, I think you're climbing the ladder very nicely at *Newsweek*."

Ladies and gentlemen, he took the job because in his own words once again, "I had come to love the city—or come to realize my love for the place which has been hometown to my family for close to 150 years."

Ladies and gentlemen, it's a pleasure for me to introduce to you the only deputy mayor, or for that matter, probably the only municipal official whose salary amounts to one dollar per year—Mr. Osborn Elliott, the deputy mayor for economic development of New York City, who will address us under the title, "New York: The Road to Recovery".

MR. ELLIOTT:

Today's luncheon marks an historic event, not only for myself but for the City of New York as well. This is the first time that the city has extended its marketing efforts beyond the borders of the United States. I believe it is particularly appropriate that such an important step should take place in Toronto, one of the great business and financial capitals of the world.

Until a day or so ago, I thought that I was unique among city officials, having been sent by Mayor Abraham Beame on this northern trek. I have since discovered that I am really functioning as a scouting party for the Mayor, who will be coming to Hamilton next week. As some of you may be aware, the Mayor has close ties with Canada, his son being on the faculty of McMaster University in Hamilton.

When I told some of the staff members of my Office of Economic Development that I was going to Toronto to speak before the Empire Club, one or two of them thought I was coming up here to discuss baseball officiating. In many parts of New York, an "empire" is a man who stands behind the catcher and makes too many wrong calls against the home team, or so it often seems.

Having just completed my first year in office—which happens to coincide with my last year in office as well—I find myself looking back over a period that sometimes feels as if only a few weeks have passed while on other occasions I had the feeling that I was serving a life sentence.

At first, I thought I would find the transition from three decades of journalism a bit boring. Far from it.

It has been a fascinating period—fascinating, frustrating, frightening, frenzied, fruitful, fulfilling—and frequently funny.

One of the main reasons that I decided to accept the job of deputy mayor for economic development (against the advice of a number of friends and relatives, I might add), was the fact that during the past two years or so I had begun to sense a new spirit abroad in New York City—my hometown—a new spirit of co-operation; something that was not present before the fiscal crisis brought New Yorkers together.

For several months prior to joining city government, I had a chance to observe a new spirit at work in my town as I served as volunteer chairman of the Citizens' Committee for New York City, an independent group that functions at the grassroots level to help residents solve problems that are of particular concern to their immediate neighbourhoods. In that post, I witnessed a coming-together of business executives, labour leaders, government officials, representatives of the cultural and educational institutions —all of these people expressing, in one way or another, their commitment to making New York City well again.

Here in Toronto, such a spirit of co-operation may not seem very dramatic. However, as a lifelong resident of Manhattan, whose family has lived in New York City for four generations or more, I can assure you that such co-operation did not exist previously. It does now—and it is working to the advantage of New York City.

If there is one lesson that comes through loudly and clearly as New York City emerges from its painful purgatory of the past few years, it is this: never again can we afford to have the public and private sectors separated. No longer can we afford to have people outside of government saying "Let Abe or Ed (or whoever happens to be in office) do it." Those days are now behind us—and good riddance.

A great measure of the successful effort undertaken to restructure New York City's municipal government came about as a result of voluntary participation by top executives from the world of business, who became directly involved in the painful, but very necessary, process of turning around the entire city—with little in the way of help from Washington except snide comments.

The efforts of these volunteers, some of whom took on specific jobs in government, were born of a variety of motives, including a deep sense of public service. These people got into the struggle instead of standing on the sidelines, because they recognized that they, and their firms, have a stake in the future of New York City.

Economic recovery, or more accurately, economic development for New York City is not going to take place because of the actions of any one individual, or any particular segment of the population. Only by a joint effort on the part of the public and private sectors can there be any hope of regaining a reasonable portion of the 650,000 jobs that have been lost in New York City since 1969. That's a catastrophic statistic: 650,000 jobs lost.

Is there any magic formula that can be used to get everything turned right again? Only a fool or a charlatan would say so—and I do not accept either title.

Osborn Elliott,
Deputy Mayor for
Economic
Development,
New York City

The master plan adopted by New York City to achieve its fiscal salvation is spelled out in a document called the Economic Recovery Program. Issued by Mayor Beame at the end of last year, this instrument lists some fifty strategies for gaining jobs for New York City and for improving the city's economic lifelines over a five-year period—through 1981.

The Economic Recovery Program is not "pie-in-the-sky". It suggests three possible outcomes from the programs proposed: all three results require participation by the private sector.

In the first postulation, projecting a lack of vigorous response from the private sector to the business incentives provided by the city, the projected result is that unemployment would continue to rise. The second projection, assuming a mild response from the private sector, states that the city would remain in its present poor employment position. The third premise, in which a strong response is received from the private sector, predicts that 135,000 jobs might be regained.

What is notable about these projections is that they are based on a clear understanding that New York City is never going back to the "good old days". Nothing ever does. New York City's job market has changed markedly in the past decade and more. Our two major employing sectors, the garment and printing industries, have undergone extraordinary technological changes, changes that have dramatically altered the way in which jobs are created. Entry-level positions, that used to provide a means for unskilled and semi-skilled individuals to learn while they earn, have been wiped out.

One of the more prevalent myths is that New York is a major corporation town. Not so. Of the 190,000 business establishments operating in the five boroughs of the city, 98 per cent are officially classified as small business—having less than 100 employees each. More to the point, 90 per cent of the firms in New York City have less than twenty people on the payroll.

Stemming from these basic statistics is another important "myth dispeller". The 650,000 job loss in New York City did not result mainly from move-outs, as is so frequently reported. A study made by the New School of Social Research shows that only one out of ten jobs lost was due to companies that pulled up stakes and moved to the suburbs or the sunbelt. That figure makes sense when you realize that most small businesses, when they are in trouble, don't have the financial means to move: instead, they cut back, lay off, or go out of business.

Realizing the importance of small business to New York City's economy, many of the programs devised in the past year to spur economic development have been designed to provide the kind of assistance and incentives that are meaningful to small operators.

One of the first steps to get economic development going in New York City involved preparation of a package of new legislation that would provide the tools to do the job. Last spring, my Office of Economic Development sent to the New York State Legislature thirteen bills involved with business incentives or assistance in one form or another. Twelve of those passed and all but one was signed into law by the governor. This represented the largest package of business-oriented legislation ever received by New York City.

We are now able to move, in a modest way, toward matching some of the attractions offered to employers by other states and cities. New York operates under a very unique state constitutional prohibition against "gifts and loans" for anything other than a public purpose that has, until now, served as a stumbling block to creating business incentive legislation.

For the first time in the history of New York, we now have the power to provide inducements to attract firms that can bring jobs to the city. A new law allows a firm moving from out-of-state to receive tax credits to defray moving expenses, in amounts of $300 for each commercial job opportunity and $500 for each industrial job brought into New York. Companies bringing a hundred jobs or more from out-of-state can receive stabilization of property taxes for up to ten years.

Let me briefly recap some of the other benefits stemming from this recently-passed legislative package. Most of these latter items are concerned with eliminating or moderating what can only be termed "disincentives" to business—onerous taxes that have built up over the years.

— The Corporate Income Tax rate was reduced.
— Real estate tax rates were reduced, then capped for five years.
— The Commercial Rent Tax, usually referred to as the "Occupancy Tax", was reduced.
— The Stock Transfer Tax has been eliminated by providing offsetting credits against other tax levies.
— The City Sales Tax of 4 per cent has been done away with for machinery and equipment used in production. This will be of considerable benefit to the printing industry, for example, where City Sales Tax could run to $10,000 or more on a single press.
— The surtax that has been in effect for some time on New York State income tax has been repealed. This marks the first reduction in personal income taxes in our state in nearly sixty years.

How were we able to get this kind of business incentive package through the legislature? Because of another important "set of mind" that has played an important role in New York City's recovery.

Now, for the first time, it is politically expedient to be pro-business. This is important, for, without such an atmosphere, we could achieve nothing in the way of needed legislation.

One major change in the way New York City government handles economic development is seen by the fact that the top post now has the rank of deputy mayor. The job must have the "clout", to use a technical political term, to get things rolling.

For example, in restructuring the Office of Economic Development we created a Business Action Centre, which concentrates on seeing that government services, from every level, are delivered to business people quickly and efficiently. We provide a "one stop service" where a business operator can get all of the information required about licences, applications, permits, and the like that might be needed for his or her firm's operations. Our Business Action Centre often functions as an "ombudsman", to insure that other parts of government come through as they supposed to. This is one of the places where the "clout" of a deputy mayor can be useful.

Since financing a business is always a major problem for the small operator, we have put together a number of programs to help in this area. We now have a New York City Industrial Development Agency that can authorize the issuance of tax exempt industrial revenue bonds to underwrite job-productive expansion or new construction, at rates below the regular market, and provide tax benefits as well.

One new program, begun just last February, has demonstrated, very much to my satisfaction, that the concept outlined in the Economic Recovery Program of municipal government providing an attractive atmosphere for private investment will, indeed, encourage such job-creating expenditures by business. The New York City Industrial and Commercial Incentive Board, in ten months has authorized tax abatements for projects totalling nearly $250 million, creating almost 5,000 new, permanent jobs. Without costing the city a cent, this program has provided an incentive that has moved private capital into the marketplace. The tax abatements on the increased value of the real property involved, whether through renovation or new construction, provide significant, long-term savings for the companies undertaking the expansion.

One of the first shocks I received on coming to this post was to find that New York City, certainly the communications capital of the world, with more advertising agencies, public relations firms and media headquarters than anywhere else on earth—New York has never had a professional marketing program to sell itself.

For some reason, everyone thought New York was too big, too successful to need anything like a selling job.

We changed that, early on, by establishing the Business Marketing Corporation for New York City, a not-for-profit corporation, financed by public and private funds, to develop and conduct a professional marketing campaign on behalf of New York City. The corporation has an independent board of directors, so that it operates as an ongoing entity, unaffected by political changes or policy shifts.

Just to give you an idea of how important the city views this effort to be, in spite of our fiscal crisis, more than $1.5 million has been voted by the city to fund the Business Marketing Corporation, with another $2 million being solicited from the private sector.

Included in this Business Marketing Corporation is another important innovation that I believe will be of great value to the city. I am referring to our new "Ambassador Corps", composed of men and women from some of our top firms; executives who, in the course of their regular work, travel around the country and abroad. Bankers Trust Company devised a marvellous pilot indoctrination program that is being made available to other firms that join the program.

Selected executives are given intensive indoctrination about the city—no baloney, just the facts. Ambassador Corps graduates are then able to refute some of the myths and rumours about New York they encounter when they travel on business. This kind of one-on-one, face-to-face communication can be of great value to New York City.

One question often asked of me, especially by some of my former colleagues in journalism, is: "What has it been like, to switch from 'crusading editor' to 'pettifogging bureaucrat'?"

Being Deputy Mayor has been, to put it accurately, a totally fascinating experience. Certainly it has been educational. I have learned a lot over the past year—about my city and about myself. I have come to know what it is like to be on the receiving end of the media, instead of on the other side of the desk where I laboured for some three decades at *Newsweek*, *Time*, and the *Journal of Commerce*. As a result of my new experience, I now have a greater respect for many representatives of the media—and a lot less for some others. I realize that I am now in danger of sounding like Spiro Agnew. Spiro used to rant about the "élite eastern journalism fraternity" calling us "nattering nabobs of negativism". I am proud to say that I was the target of his jibes at that point in time.

I have been accused of sounding like an evangelist for New York City—and I accept the title. The main reason for my evangelism is that I am tired of reading and listening and watching the lamentable litanies about the ills of New York City that seem to have become part and parcel of news media coverage about New York City. The unfortunate result is that a great many people, especially those in other parts of the world, accept these exaggerations or out-of-context comments as gospel truth.

Realizing that it may appear impolite to boast about one's hometown while a guest, I think it is important to remind everyone, including ourselves, that there are inherent strengths in New York City that must not be forgotten. We have the world's greatest port facilities—575 miles of waterfront in the city alone. We have new marine cargo handling facilities that have helped to bring our cargo value in 1976 to a thirty-year high.

New York is the communications capital of the world, as noted previously. It is also the financial capital and the merchandising capital. It is, by any standard of measurement, the world business centre.

More and more overseas business executives are being attracted to New York, for a great many reasons. It is a convenient place in which to conduct a great deal of business, quickly and easily. In fact, one of our largest real estate operators pointed out to me that one out of every three leases his organization has signed in the past two years has been with an overseas business firm.

Perhaps this means that New York City enjoys a better reputation with foreign business executives than it does with our domestic business people.

This influx of overseas firms had a salutory effect on some of our corporate move-outs. Let me explain by noting that we have seen some companies coming back into New York City after spending five or six years in the boring, bucolic bliss of the suburbs. Several noted the difficulty of getting customers, especially those from overseas, to come out to Danbury or Saddle River or wherever the firm was located. One major paper company sales executive pointed out that in the nearly five years his firm has been based in New Jersey, not a single customer ever came to their office. The company finally got the message and moved back to Manhattan at the start of this year.

Not surprisingly, firms that deal with clients from overseas find that executives from abroad do not like the idea of spending time in a suburban motel, in contrast to being in mid-Manhattan. Telling a client from Europe that he should take a train to Stamford or Princeton can sound like telling him to travel to Butte, Montana. Customers won't go to places they don't like. It is that simple.

It all boils down to the fact that New York City makes sense as a centre for business. We have taken the needed steps to get the wheels of municipal government unclogged and back on the track. The recognition that economic development is a vital service, just as much as police and fire protection, health and education services, has been accepted by those elected officials in charge.

Let me conclude by saying that New York City has placed its welcome mat in a prominent location. There is a new, pro-business attitude abroad that makes companies feel welcome. We have the incentives, we have the financing mechanisms, we are ready to prove the slogan "New York City Means Business".

For those of you who want more details, I will be happy to speak with you anytime—call me at my office in New York City. Bernie Denmark, president of the Business Marketing Corporation, who is with me today, is also available to you for further details. In fact, we have brought along some literature with us today telling about some of the new programs we have described here.

That's not the end of our sales message. It's just the beginning.

The appreciation of the audience was expressed by Mr. Jerry Collins, a Director of The Empire Club of Canada.

NOVEMBER 24, 1977

Meeting the Threat at Home and Abroad

AN ADDRESS BY The Honourable Barnett Danson, M.P., MINISTER OF NATIONAL DEFENCE

CHAIRMAN The President, Peter Hermant

MR. HERMANT:

Ladies and gentlemen: Charles G. Power described a politician as, "anyone who manages to get elected. More to the point, he is someone who gets elected again." Our guest of honour today, the Honourable Barnett (Barney) Danson, is one of those who has been elected and elected again for he has been in the House of Commons since 1968 and so we must conclude that he is definitely a politician.

Further, he is a reasonably rare politician since he is a federal cabinet minister who comes from the great, good, and hospitable city of Toronto.

Barney Danson has always managed to stand out.

Claire Hoy, writing in *The Toronto Star* in 1971, said, "Since his election in 1968, Danson has risen quickly from the crowd of metro area back-benchers to become Trudeau's parliamentary secretary and, in effect, the chief spokesman for Metropolitan Toronto in the prime minister's office."

And Danson is a Torontonian at heart—about a third of his riding is in Metropolitan Toronto and that's the area he worries about most.

"It's a funny thing," he says, "but rural people seem to be able to settle their own problems over the back fences.

They know who to go to. Communication in that urban region south of Steeles Avenue is very difficult. You call a meeting and people won't show up. I bet half of them don't know who their MP is." But it's not through any fault of Barney Danson's that they don't know who he is—since he has spent most of his political career getting better known.

On his appointment as Minister of Urban Affairs, *The Globe and Mail*, under a headline reading DANSON SHOULD ADD COLOUR TO CABINET said, "Mr. Danson is that Liberal from York North who thinks Pickering Airport is fine as long as it's located somewhere near Kingston. Barnett Danson is a name you'll be hearing. He is not unobtrusive."

Danson agrees. His quote in the same article was, "I like to speak my mind. I'm not going to be a quiet person. I hope to be thoughtful but I'm going to be deadly serious about what I'm after."

Barney Danson has the background to be a political individual. He grew up and was educated in Toronto, joining the Queen's Own Rifles at eighteen and going immediately to war. While he was serving in France, he was severely wounded—critically, in fact—but his wire to his wife, who was pregnant with their first child at the time, was, "Slight head wounds. Am well. All my love." He was at the time in very bad shape in a wheelchair.

"I came out of the army feeling strongly that I wanted to go into politics to take part in the decision making." But on his return to Canada he went, instead, into private industry.

He has been a member of the Board of Trade of Metropolitan Toronto, the Canadian Manufacturers' Association, Canadian Chamber of Commerce and is a former president of the Society of the Plastics Industry of Canada.

However, he never abandoned his military interests and was installed as Honorary Lieutenant Colonel of his former regiment, the QOR, in 1975 which may, or may not, have been a portent of his present ministry which he took over in 1976.

While it is true that every new minister brings a new point of view and a new aspect to a ministry, Barney Danson's impact on Defence may be somewhat startling. For example, Danson has been quoted as saying, "I'm a great believer in the theory that he who pays the piper calls the tune. I think it's a very dicey situation when one level of government does the taxing and the other spends the money."

And Defence is in a spending cycle at this moment—with Leopard tanks having been purchased and consideration being given to a new contract for fighter aircraft and ancillary parts.

But Barney Danson isn't one to bend to pressure. "Our society is strong enough to withstand free speech—if it isn't, it isn't worth preserving," he says. And by free speech one presumes he is also talking about free and unsolicited opinion.

Ladies and gentlemen, it is a pleasure for me to introduce to you a man who has been quoted as saying, "Really, we've got to look at Toronto as part of Canada," the Honourable Barnett (Barney) Danson, the Minister of National Defence, who will address us under the title, "Meeting the Threat at Home and Abroad".

THE HON. BARNETT DANSON: Distinguished head table guests and ladies and gentlemen: That was a very interesting introduction. I don't know who does your research. There was a lot of detail there that had slipped from my memory!

I have a special feeling of warmth when I speak in Toronto—when I come home. Just last week I had a few engagements in town, and instead of scooting back and forth to Ottawa, I spent a couple of days downtown, getting to see things again and meeting friends on the street—an opportunity I rarely have. We have a great city. It gets greater every day. Every time I come back, I seem to see a new building that has sprung up. But it's also special because I see so many old friends who bring back fond memories.

I never thought I'd be part of the floor show in the Imperial Room! In fact, the closest thing to being in a floor show relates to my military experience. Before the war, in 1939, when the King and Queen were here, I was on a Guard of Honour in the Queen's Own Rifles, outside the Union Station. We wore green uniforms in those days! I think the reason I was chosen for the guard as a relatively new recruit was because they only had a certain number of uniforms and they had to find people who fitted them.

In any event, we stood out in front of the Union Station and the King and Queen came out, and we presented arms and did all the other things you do properly on a Guard of Honour. The King and Queen drove off in, I think, a convertible Lincoln. They rushed us back into the Oak Room in the Union Station and changed us into khaki uniforms and off we went by streetcar, or something, to Queen's Park. And we formed another Guard of Honour outside as the King and Queen went into the Legislature. Actually, the Governor General's Horse Guards had a guard too, so the wrong ends of the horses stood in front of us. They weren't very polite horses, either, I might say. Then they moved us down University Avenue, and after they drove out of Queen's Park and down the avenue, we presented arms again. Then they moved us to a few more places. Then over to St. Catharines, Niagara-on-the-Lake, Niagara Falls. And finally, they took off to the United States on the Royal Train.

Well, the King got so excited by this great army that he had in Canada that he declared war three months later!

But things have changed. Now, of course, we have integration of the armed forces, but there is still a feeling of the spirit of service. For example, when I first came into the job, I met with General Chouinard who was Commander of Mobile Command at that time (that's the Army!) and General Carr who was in command of Air Command and

Admiral Boyle who was commanding Maritime Command. Each of them was talking about the bravery and courage of his troops.

General Chouinard said, "I'll show you how brave my troops are. Come on out to Petawawa and you'll see some real courage." When we got out there, he called a young trooper of the Royal Canadian Dragoons and he said, "Trooper, I want you to stand right there and not move a muscle, no matter what happens." Then he called a sergeant, and he said, "I want you to go out there, crank up the tank and head right for that trooper and don't deviate one inch until I give you the command over the inter-com." So the sergeant went out and cranked up the tank and headed right for this poor little trooper, and when he was about ten feet away General Chouinard said, "Turn right!" So he turned right and just brushed the trooper's buttons, but the trooper didn't move a muscle. So the General said, "You must admit that my soldiers have real courage."

General Carr said, "That is true courage, I'll admit. But you come back to Uplands with me and I'll show you the courage of my airmen."

When we got there, General Carr called to an airman, and pointed to a 101 Voodoo. "You take that up to 30,000 feet and go into a straight dive and don't do anything till I give you a command over the inter-com." So the pilot went up 30,000 feet and came zooming down in a straight dive, until at about a thousand feet the General said, "Pull out!" The pilot just made it, scraping the runway, but he had obeyed orders to the letter. The General said, "Gentlemen, you've got to admit that's bravery, that's courage."

Admiral Boyle said, "I'll admit that's courage, but you come down to Halifax and I'll show you something." So we went down to Halifax and got on the *Huron*. The Admiral said, "Leading Seaman, I want you to climb up that mast right to the top and then follow my instructions." So the Seaman climbed up to the top and the Admiral said, "All

Hon. Barnett Danson,
M.P.,
Minister of
National Defence

right, jump!" The Leading Seaman said, "To hell with you, Admiral!" Now, *that's* real courage.

Things have changed from the old days at the Union Station. A few weeks ago I was in Oslo as part of a tour to Norway, where we have a commitment on the north flank, as many of you know. I was walking through the Resistance Museum in Oslo with Mr. Hansen, who is their Defence Minister. At the height of the war there were 450,000 occupation troops in Norway—the country at that time had a population of three and a half million. And I wondered if, had we had an alliance at that time, prepared and equipped, would we have had those invasions? If the Germans had known that there was someone there to stop them, would they have gone ahead? Would all of that have happened? Would Hitler even have been able to hold office for another year?

If we had had something like the North Atlantic Alliance at that time, it would have been a deterrent. It has been said that those who forget their history are condemned to repeat it. Sometimes I wonder at the comparisons between the present time and those years then.

We now see the largest military buildup in history. It is frightening in its proportion and in its cost. But I really don't believe that the Warsaw Pact or the Soviet Union want to go to war. I've been in Moscow, and Leningrad, and Kiev, those cities that lost a third or two-thirds of their population in the last war and they don't forget it. They don't let their people forget it. Nor do they let those of us who go there as visitors forget it. I can't believe that war is what they want.

But the fact that this tremendous capability exists is disturbing, because intentions can change. Governments can change, even in those countries, or leaders can change. And with that capability, all the options are open, unless there is someone to say, "No, we will not allow this to happen." And this is not just a matter of military preparedness, but of political will.

Things are different from 1938-39. We do have a capability. At the speed with which things move today, there is no time for a long leisurely mobilization. We cannot take young troops and march them off to war with just a kitbag over their shoulders. Instead of some 3,000 regular troops scattered across the country as we had in those days, we have 78,000, moving up to 83,000, plus 37,000 civilian backup in the Department of National Defence. They are in formations, with assigned tasks and a very high degree of professionalism—indeed the highest in the world in my view and in the view of most other observers.

Sometimes people ask me, when I go to NATO and other meetings, "Are you not embarrassed by the small size of our forces?" I'm *not* embarrassed. I'm very proud, because all of those commanders, Haig and others, never cease to speak of the high standard of our forces. They are absolutely first-rate. They are very fine Canadians, great representatives of all of us.

We have had a run-down, both in numbers and of capital equipment, but that is now on the upswing, starting with the Aurora, the long-range patrol aircraft, now under construction at Lockheed in Burbank—on schedule and without price over-runs, you will be pleased to know. There is some $465 million in offsets, plus the possibility of considerably more, up to about $800 million, in offsets or industrial benefits. There are the armoured personnel carriers, being built in London, Ontario, by General Motors Diesel. There are 350 of those; about a hundred of them will go to reserve units across the country. There is the new Leopard tank—a fine battle tank—very much needed to replace the old Centurion. And now we are in the process of procuring our new fighter aircraft, primarily to replace the aging 101s and 104s. This is the largest military purchase in Canadian history, spread over a number of years because delivery takes that long, and the selection is a very well-organized and well-handled process under a team leader, Brig. General Paul Manson who is doing an excellent job.

When they first announced that program, two billion and eighty million and seventy-seven dollars, people asked "What percentage of offsets do you expect to get?" because these aircraft will likely not be built in Canada. I said, "How about 125%, for openers?" They thought I was being facetious, but I'm not. I was really looking for industrial benefits, not offsets.

Offsets means that if we buy 150 aircraft, we'd build 150 wings (or 300, I guess, if you want them to fly!), and that would create employment for a short period of time. But I'd rather do those things, or see those things done that we do well. We are good in communications, in radar, in sensing devices, short takeoff and landing aircraft. There is a wide range of areas, military and non-military, that we do well. I would rather have those industrial benefits, than argue about 60% or 80% in offsets. We need a certain percentage, so that we can maintain these aircraft. But I'm much more interested in arguing for 50 or 60% in the *right* type of investment in Canada, where we can be competitive, and which will remain part of the industrial fabric of our country on a continuing basis. Not necessarily military hardware or technology, but many other areas, because military expenditures do go up and down. Hopefully, statesmen will reach the day when ministers of defence do not have to talk about intentions and capabilities; we will have reached a higher state of humanity where we can talk about not building arms at all. But that is not the case today.

In the meantime, we should do something that is solidly part of our economy, that we can identify with. I don't think Canada, by nature, wants to be a major arms producer to the world. But we can use these major expenditures, as leverage, to help build the type of industrial base and high technology base that we need for the future. If it is continuous and remains part of our economy for a long time it is of much more value, and we should use those purchases for this purpose.

Right now, we are in the middle of developing a new ships program, which will also be major, spreading over some twenty years. It is a long-range plan to replace all the ships in the navy, starting where the priorities and needs are greatest, on the older ships of the St. Laurent and Restigouche class. Again, I would rather not see a great flurry of activity in our shipyards that soon ends. The long-range process builds a rational base for the shipbuilding and ship-repair industry in this country, perhaps at a lower level, but one which is sustainable for a long period of time. It's better for the navy, better for the industry, better for the communities and better for the country.

That is a brief overview of the future. But I think it is important to remember also what our military priorities are. Our first is defence of our own sovereignty over some four million square miles of land mass, and some six million air, when you consider our two-hundred mile economic zones. And a country that would make its own sovereignty anything other than its first priority has its priorities mixed up. Our second is our arrangements for the defence of North America, primarily through NORAD. These two tie in together extremely well. The Americans do not feel secure unless there is a secure Canada and we co-operate closely in that partnership.

Our third priority is the Western Alliance, the defence of western Europe, of which NORAD is part, because if we do not have a free western Europe we are not going to have a free North America and the reverse holds true. But none of us can do that alone. We must do it in concert with our allies.

Our fourth priority is peacekeeping. That is a role which I do not divorce from the others because the flash points in the world today can affect the whole military balance of the world and can cause something to explode which would be beyond our imagination and might precipitate actions that would never otherwise take place.

That is an important role that we do well. Canada has been the largest contributor to peacekeeping in the world on a continuing basis. It is a drain on our forces, I might say. These people leave for six-month tours of the Middle East or Europe, they are not replaced in their units, they are specialists, sometimes they work under less than ideal conditions. But they do us proud. It is the type of role that Canadians welcome as long as it is necessary.

But I would like to talk about some of our non-military priorities. The other day I came across a passage from Henry James. He wrote, "The deadliest enemies of nations are not their foreign foes. They always dwell within their own borders."

Naturally, as Minister of Defence, I am concerned about the possibility of war, about the ability of Canada and its allies to survive it, but mostly how to deter it, to prevent it from happening. But today I am with James. Our first defence priority is our national sovereignty, as I said, and our most imminent threat comes not from without, but from within. We are in the decisive phase of a long political struggle, a war of words for the loyalty of Canadians, and no less dangerous in political consequences than real war, because the fate of our country depends upon resolving this dispute, resolving it before terrible uncertainty cripples our economy and withers our national spirit.

Sometimes I think that the gods of war are laughing. Here are Canada's French and English cultures fighting their final battle, just as Canadians are close to adjusting their differences. Here we are, poised on the brink of division, just when fraternity lies within our reach.

All wars are irrational, but I think this one more than most. The separatists are fighting for an idea which, I would suggest, has been largely bypassed already by facts. Nations are founded on ideas, ideas steeped in emotion. The United States and Canada both grew out of ideas whose time had come. Ideas build nations and hold them together, as long as these ideas are valid. But ideas grow old, and if truth deserts them they can tear a nation apart, they can leave us mired in illusion unsupported by fact, clinging by our emotions to opinions that are passé. Opinion, not truth, not logic, governs the world.

It is said that war is a failure of wisdom. Our failure in English Canada was to take Quebec for granted, to think that the Quiet Revolution was just a newspaper term, to let our options on French Canada lag behind the facts. Quebec was held back, until 1960, by political and religious conservatism. The government of Jean Lesage created departments of natural resources, family and social welfare, cultural affairs, and began in these areas a very real revolution. Quebec is no longer a rural priest-ridden society of large families. It is an urban secular society with the lowest birth rate in Canada. It is a new Quebec, an aroused Quebec, a nationalistic Quebec. It is a province in the midst of a cultural renaissance that has tuned nationalism to a very high pitch.

But it is not a negative nationalism. It is a positive, unashamed patriotism. The Québécois are proud of their history and their heritage. Most are neither anti-English nor racist. Unlike their government, they are not trying to put others down; they are busy trying to lift themselves up. They are an island of five million French-speaking people, encircled by 250 million English-speakers. For centuries they have felt like a people living on a slowly-melting ice floe. They lived in fear of losing their culture, their language, their identity, so they clung to the concept of survival. "Without my culture," a French Canadian friend of mine once told me, "I would feel like a man with amnesia. I wouldn't know where I came from or who I was."

Nationalism is central to the lives of most Québécois and a little separatism is latent in it. Usually this nationalism is rational, but it's also deeply emotional. If it's blocked it evokes an emotional response. If, for example, you tell a Québécois that he hasn't any more rights than a member of any other minority, you are very likely to turn him or her into a separatist. There's a fine line in French Canada between nationalism and separatism, and if we English-speaking Canadians care about keeping our country intact, we have to take care that we don't recruit more separatists. It's the uncommitted francophones who are going to decide our fate and we can't afford any further failures of wisdom.

Where French Canada has failed, I think, is in matching perception to progress. Quebec in less than two decades has moved into the twentieth century, economically, socially and politically. But emotionally, I think separatism is still in the nineteenth century. I think its ideas were born in the legitimate frustrations of the past. It still holds an outmoded conception of Confederation as an instrument of Anglo-Saxon oppression. It contends that Quebec's surge toward self-affirmation "Doesn't mesh," in Mr. Lévesque's words, "with the federal system."

I think Mr. Lévesque is wrong. I don't think separatism represents, as he claims, the "inevitable" logic of the future; I think it represents the emotional frustration of the past. I think he is fighting a war for rights that are already largely won, or could be won without destroying the country.

What are these rights that Quebec wants? We know what the separatists want—and nothing we can say or do is likely to change them. And we know what the moderates—the Québécois majority—want; at least we know what they've been telling us for years.

They've said they want a fair share of federal jobs at all levels and equality in our government for their language. In Quebec they want an equal chance for the better-paying jobs, in business, industry and finance. They've said they want more control of immigration to Quebec. They want to keep in touch with other francophone countries. They want to preserve and develop their culture. In short, they want, like everyone else, to feel both secure and free.

Can we, the English-speaking majority, help them achieve this? Can we do it without endangering our unity as a nation? I think, I'm sure, we can. I think we will, though we've still some way to go. But I think we've already come a very long way.

Twenty years ago, even fifteen years ago, the French-Canadian who came to Ottawa came to a foreign country, a country that didn't understand him and didn't want to. He had to conform to foreign customs. He had to work in a foreign language. If he wanted to write to another French-Canadian in his government, his letter had to be translated into English, answered in English, and then translated back into French. He was made to feel inferior even if he spoke his language well. He couldn't get ahead unless he gave up his French identity, which our constitution guarantees, a situation which, if reversed, we anglophones would not tolerate for a moment. Even then, he always worked at a disadvantage, because public servants are judged mainly on how they express themselves. So the most capable French-Canadians seldom sought a federal career, and then we said that French-Canadians weren't capable.

All this has changed. Now French and English have equal status throughout the federal government. Francophones, now 27 per cent of our population, make up 25 per cent of our public service. Their share of jobs is still too low in some categories—administrative and foreign service, technical, scientific and professional—but the catchup rate for the past five years is dramatic. At the top, francophones hold 20 per cent of executive positions and their present rate of increase should take them to parity in the early 80s without sacrificing the merit principle.

It's sometimes said that the military is hidebound, but I think the armed forces illustrate this transformation. During the war I served with a brigade that was half French-speaking, and I managed to become a reasonably effective NCO and officer—thanks to training manuals written in English. But if that wasn't easy for me, what about my French-speaking comrades, who had to use the same training manuals that I did? Even up to the 70s, francophone recruits in the armed forces had to take their basic trades training in English. Their failure rate was 45 per cent, compared with 10 per cent for English recruits!

Now we give training in French for half of our 96 different trades and the francophone success rate has shot up to 90 per cent. We have seventeen units and a destroyer in which the language of work is French, and another seventeen French units are proposed. All reports and forms and manuals are published in both languages. We handle enquiries and provide services in both languages. We have French-language newspapers and magazines in our messes and French-language books in our libraries. I might add, one of the most distinguished Canadians, one of the most ditsinguished soldiers in our history, our recently-retired chief of the defence staff, General Dextraze, is an outstanding son of French Canada of whom we should all be proud.

We haven't accomplished these changes in the armed forces without some misunderstanding, a feeling that maybe the change has gone a little too far too fast. Well, nobody in the service gets promoted who isn't qualified, but everything else being reasonably equal, yes, some francophones get the nod in categories where they're under-represented. The francophone level in the service has now reached 23% —somewhat less in the middle and senior officer ranks. I wouldn't call that a takeover, but I do think it ensures that by 1987 servicemen of both languages will be represented with fairness for the first time.

This transformation has taken place almost everywhere in government, but it hasn't come easily, as you know. It's been tedious, wearing and irritating. It was often carried out in a negative atmosphere. Some people, instead of welcoming it as a new experience, a new skill, a new and enjoyable cultural asset, resented it, and this attitude—and the need for haste—spawned volumes of sometimes excessive regulations.

Canada is committed to the Official Languages Act, but we're not committed to excesses or errors in execution. Its intent is not to make all Canadians bilingual. It's to let francophones, like anglophones, serve their federal government, and be served, in their native tongue. We don't need to label a job as bilingual where both languages aren't required. We don't need to give language training to people nearing retirement. We don't need to create resentment in creating a public service that gives French-Canadians a fair shake and equal status. But when the resentment has faded and we look back on this era, we may agree that the waste and mistakes were a necessary part of the cost of redressing a hundred years of injustice in a decade. Because this is what we have tried to do—and are doing—in Canada.

It amazes me that it took so long to unearth the incredible surge of talent that has emerged from French-Canadians, once they were given an opportunity, talent we had assumed was not there.

The situation in the fifties in Quebec's business world was much the same as in the Canadian government. A French-Canadian had to speak English to move up the ladder and unless he spoke it well the boardroom was closed to him. English-speakers controlled about 80 per cent of Quebec's industry, and in 1957 Quebec's per capita income was around 70 per cent of Ontario's.

By 1975, it was 83 per cent, breaking a pattern in force since Confederation. True, the incomes of French-speaking workers are still behind English-speaking workers in Quebec, but the gap is closing at a fast clip. And it's true that in Montreal's executive suites francophones are still outnumbered. But Bernard Finestone, the president of the Montreal Board of Trade, recently noted that they're moving into top management in Quebec firms at what he calls "an astonishing rate".

There is still some way to go but the economy of Quebec and the place of the francophone in it is secure—except for the hemorrhage of capital, knowhow and brains brought on by the threat of separation.

Quebec's greatest concern, of course, has been in the field of culture. In the early fifties, francophones, like the rest of us, were worried about the American cultural invasion. So the federal government built a national television network and set up production centres in Montreal and Toronto. Not long afterward, the National Film Board moved to Montreal. Filmmakers, trained by the NFB, began to develop an industry, and the board nursed this infant private sector with one-third of its budget.

Today, French Canada's culture is one of the healthiest in the world. Montreal produces more live television in French than the national network of France. Seventy-five per cent of the films shown in schools in Quebec are French-Canadian originals or versions. French-Canadian filmmakers like Claude Jutra, Denys Arcand and J. P. Lefebvre are known in the twenty-seven countries that show their work. Theatre, ballet, opera, concert music, all are thriving.

More French-language books are published and bought in Quebec than in France. And Quebec chansonniers have for years been the toast of Paris.

There is no longer cause for concern. But there is cause for pride. And this is primarily due to the federal presence in Montreal.

In all the areas where francophone moderates in Quebec have demanded a change, that change is taking place. And it's taking place within Confederation. We have a remarkably flexible constitution. It gives Quebec its own school system, tax system, pension plan, welfare plans, economic policies, property rights and health services. We have federal-provincial consultation. We have federal-provincial collaboration, known as "co-operative federalism", which is steadily whittling away our areas of conflict.

Some say Confederation has been a failure. Yet it's given us one of the highest standards of living of any country. It's given us a high degree of political freedom; our government is the world's most decentralized federation. I think we have every right to consider it a success, and separatism as opposed to Quebec's aspirations, merely an excess of emotion, a shadow which misconception casts on reality.

One of these misconceptions is the choice that Mr. Lévesque is offering to the people of Quebec. He says they must choose between a sovereign Quebec associated economically with Canada and what he calls the status quo.

The choice he is offering is a non-choice. A separated Quebec will be an isolated Quebec, surrounded by English-speaking Canadians embittered by separation with a centre of gravity shifting to the west, and English-speaking Americans whose immense economic pressures reinforce their concept of the melting pot. His hope of an economic association is, in my view, an illusion.

The other option is equally unrealistic. We have no status quo in Canada. Our system isn't static, it's adapting, it's evolving. It's something we're still revising, a creature of our will. Our federal-provincial conferences are a continuing debate, a process with a constantly changing balance point. As Jean-Claude Falardeau has said, "Canada is not a starting point, it's a goal."

Our goal is a bilingual multicultural country. We're a long way from Cartier's dream of a bilingual Canada coast to coast, but I do think it's ironic that separation should threaten us just as the first dim outline is taking shape.

I know that bigotry hasn't disappeared but I do think it's decreasing. In a recent CTV survey, three out of four anglophones said they wanted Quebec to stay in Confederation. We've a million children studying French in elementary schools in English Canada, a rise of 40% in seven years. In Katamavik, the national youth service for which I'm responsible, young adults are working on community projects across the country in bilingual teams.

The test of progress is not in words but in results. And our war of words isn't part of our ongoing evolution, it's a hangover from the past, a reaction. Most wars are outlets for emotion rather than exercises in logic.

Today our primary defence lies in adjusting opinion to fact. Old ideas, like old soldiers, may never die, but they do fade away. And as soon as we cease to fight the battle between the past and present, we'll begin to take the question-mark out of our future.

Why does the Minister of National Defence come here to talk to you about national unity? It's because I'm a politician. I'm not a soldier. And as a politician I must do all that's possible to ensure that our security is protected, the security of a country to which we are passionately devoted and which is a dynamic entity, a country reaching its potential in richness, in beauty and prosperity.

Canada is a nation facing too many external economic influences, as well as its own internal economic problems, to be facing the spectre of uncertainty about its own survival. Canada is a country which is making incredible, if long overdue, strides towards correcting the mistakes of our history and meeting the imperatives of our present. It is time for the separatists to get off the backs of those they purport to serve, to use their considerable talents, their energies and passions to fulfill our mutual aspirations and the unlimited potential we possess as a unified nation, a nation to which English, French and a myriad of other cultural strains have contributed.

Canada's history is partly written in twenty-two hundred tombstones in a small cemetery at Normandie, where many of my friends' shattered bodies still lie. There are Macraes, Johnsons, O'Neills, Lezinskis, Savoys, Harrises, Rayners, and Thibaults, Gougeons, Tessiers and many others from the Régiment des Chaudières. Rows of crosses are interspersed with Stars of David to remind us of the composition of our society, the price we have paid to preserve that which was, and still is precious, too precious to dismember through smallness and bitterness, too great not to make us rise to an equal greatness in peacetime, at this time when this nation we cherish above all is in peril.

The appreciation of the audience was expressed by Mr. Joseph H. Potts, C.D., Q.C., a Past President of The Empire Club of Canada.

DECEMBER 1, 1977

Journalistic Freedom and Responsibility

AN ADDRESS BY A. W. Johnson,
PRESIDENT OF THE CBC

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: "If there hadn't been a CBC, I wouldn't have had any real sense of Canada, or of being a Canadian, when I was growing up. In a small town, your outlook can be very parochial. What you see is what you feel—unless there's some link with the outside."

The man who said those words is our guest of honour today, Albert Wesley Johnson—whom almost everybody in the country refers to as "Al".

Al Johnson's career in government service at the Ottawa level didn't start until he was forty years of age and by that time his character was firmly rooted in a tradition very different from his fellow government workers.

He was born in Insinger, Saskatchewan, the son of a United Church minister. His education led him to the University of Saskatchewan and the University of Toronto and finally to Harvard, where he obtained a Ph.D. degree in Political Economy—Canada's own Dr. Johnson.

Blaik Kirby, writing in *The Globe and Mail*, describes Johnson as "Brilliant but amiable—a mandarin without haughtiness. His smile does not conceal his steely jaw line. He is gentle but tough." It sounds like an astrological sign description!

Al Johnson started his civil service career in his home province of Saskatchewan as administrative analyst with the budget bureau for the then CCF government. He rose rapidly to be director of the administrative management division of the budget bureau, deputy provincial treasurer and secretary of the Saskatchewan Treasury Board.

In 1964, Mr. Johnson arrived in Ottawa as assistant deputy minister of finance, later to be economic adviser to the Prime Minister on the constitution, secretary of the Treasury Board and, before his appointment to the CBC, deputy minister of health and welfare.

Graham Spry is quoted as saying, "Radio broadcasting is not to be considered or dismissed as a business only. It is no more a business than the public school system, the religious organizations or the varied literary, musical and scientific endeavours of the Canadian people. It is a public service. It is a national service."

Many people would question Al Johnson's sanity in moving to the CBC as its president—considering the harshness with which the corporation is viewed from time to time.

Christina Newman, writing also in *The Globe and Mail*, sums up the political opinion. "For the last decade they've been telling us that the CBC is in a horrendous mess, that it's lost its vitality and destroyed or driven out its best talent. Each successive president takes the job knowing he'll bear the blame for what is inevitably called 'the failure of CBC to live up to its mandate'."

In the same article, Ms. Newman quotes an old-time broadcaster on his guidelines for the "perfect" CBC president: "The best president of the CBC would be an idealistic SOB—35 years old—perfectly bilingual—willing to wade in blood up to his ankles and with a feeling for the country in his soul."

Well, certainly Al Johnson qualifies on some of those terms.

"I'm not going to go out making waves for the fun of it," he says. "But a president of the CBC has a certain public responsibility and I'm going to do what has got to be done for the well-being of the CBC. Generally speaking, my expectation is that this will not require a great public role on my part."

Expected or not, Al Johnson's profile has been relatively high—perhaps because his presidency has come at a particularly sensitive time for the CBC and for the country. "The Canadian people really seem to want an infinity of choice," he says. "In the face of that, the CBC is bound to concentrate on the excellence of its programs. That's the major instrument we have, both nationally and regionally."

But how will Al Johnson fare under the typically fickle nature of the semi-political limelight? Well, he's been quoted as saying, "Some people think that because I come from the civil service I would not be the kind to stand up to politicians. They just don't understand the kind of people you find in the civil service."

It should be obvious then that Al Johnson means to make his usual success of his CBC presidency.

"The guy in charge has to foster among the people who work for him a climate within which vitality and excitement and new ideas can flourish," he says. "I did that in Saskatchewan. I did it at the Treasury Board. I did it at Health and Welfare and I'll do it at the CBC. Beyond that, it seems to me that what the president needs is to care about the corporation and to feel within himself a certain strength of will."

It's a pleasure for me, ladies and gentlemen, to introduce to you the president of the Canadian Broadcasting Corporation, Mr. Albert W. (Al) Johnson, who will address us under the title "Journalistic Freedom and Responsibility".

MR. JOHNSON:

You've all seen, I'm sure, the kind of impact the recent introduction of television in the House of Commons has had. It's brought about a heightened realization of how important television can be as a means of communication. And I find it irresistible to think back to

Edmund Burke when he had just realized the communicating impact of the establishment in 1772 of the right to publish Parliamentary debates.

Speaking in the House and lifting his hand rather dramatically towards the gallery, he said: "Yonder sits the fourth estate, more important than them all."

If that was true in Edmund Burke's day more than two hundred years ago, how much truer it is today when the distance between what we know and what we need to know seems to be greater than ever. There never has been a greater need for truly effective media, and for public confidence in the media.

We stake everything—indeed, the whole notion of democratic society—on a rational dialogue of an informed public. And only the media can reach the mass of population to provide the basis of information for that rational dialogue.

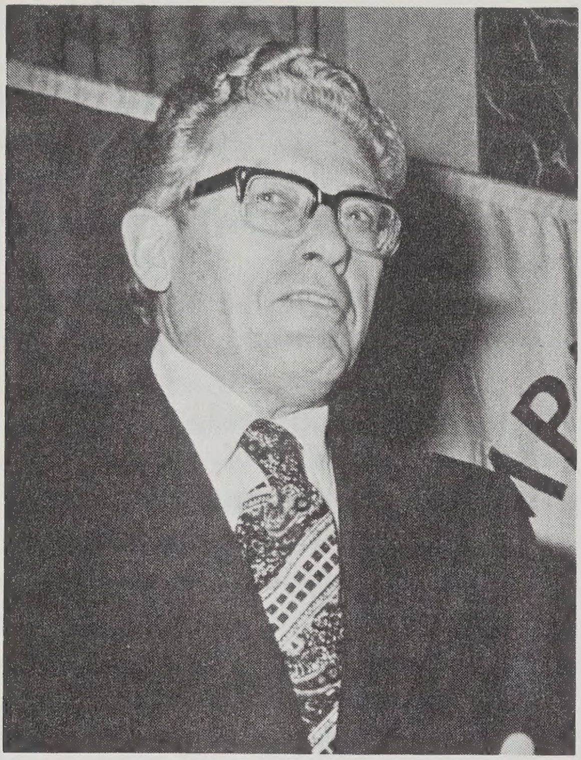
If I may, I'd like to begin my remarks today with four flat and perhaps provocative assertions:

First, I profoundly believe that the fourth estate . . . the press . . . the media . . . whatever you want to call it, is a crucial element in the cement that holds together our democratic society. In our increasingly complex society the media constitute the only way the mass of people can find out what's going on, can communicate with each other, and can communicate with their government and their government with them.

In short, without free, independent media, no democratic society can survive.

My second point really flows out of my first. Because the media are so crucial, so fundamental to democracy, I believe the media must be socially responsible. I have not the slightest doubt that freedom of the media requires a sense of public responsibility on the part of the media.

My third point is that I believe the demands on the media are rising faster, and public expectations of the media are



A. W. Johnson,
President of the CBC

rising faster than the capacity of the media has grown to meet them. We must do more to match our performance with the demands and the expectations.

My fourth point is that if public credibility and public trust in the media decline, public resentment will follow and so will a search for mechanisms by which the media can be guided, even directed, to meet their social obligations. And to some this even suggests government intervention—something which is manifestly unacceptable if we are to maintain the free and independent media which are so essential to freedom of speech and discussion.

I want to talk about journalism today because frankly I think journalism and freedom of the press are at something of a crossroad.

Journalism goes back to the earliest days of Rome, and ever since there have been arguments about objectivity and fairness and balance. Indeed I suppose that argument may have begun when at the trial of Jesus Christ Pontius Pilate raised the question: "What is truth?"

Mass media began in the 1400s with a merging of Asian and European paper, ink and printing skills. These were authoritarian times, and almost as soon as the printing press was invented, church and state censorship controlled the media.

But the very fact of mass communication—mass printing—began to undermine the authoritarianism of church and state. About the time of Walpole the growth of mass communication in England, the spread of printed material, swamped the ability of government to preserve itself from sedition by prior censorship of everything in circulation.

So governments were forced to resort to punishing editors after the fact of publication, not before.

It was John Milton's objections to prior restraint on publishers in England which laid the cornerstone for eventual freedom of the press. He argued as early as 1644 for the "free marketplace of ideas" and felt that if all ideas were freely published, the best ones would win out. An editor's total freedom, he felt, was the prerequisite for a working democracy. This eventually led to the very opposite of authoritarianism—to what was called libertarianism—a kind of Adam Smith *laissez faire* theory of the media.

The assumption was that the citizen could and would read all available journals so he would absorb the news from all political points of view, sort out the good ideas from the bad, and come to his own conclusions.

In the 19th century most of the press was a "party press" bought and paid for generally by political parties, and so it was necessary for the citizen to read all papers in order to get a full perspective.

This "libertarian" premise of the citizen reading all papers was questionable in the first place, but with the complexities of modern society and with the millions of words fired at us every day and night in newspapers, magazines, radio and television, this premise has become down-right unrealistic. The citizen simply does not have the time to read, hear and see everything. He or she, therefore, has to rely on one or two or three principal sources of information. That, in turn, makes today's journalist a sort of "agent" of the citizen in his quest for knowledge.

In short, today's journalist is really only doing for the citizen what the "libertarian" philosophy said the citizen should do for himself. This has led to new responsibilities to the public for the journalist, and has led to a new philosophy, one I would call socially responsible journalism. Because he is an "agent" for the citizen and because the citizen relies on him more than ever before, the socially responsible journalist today has an obligation to be fair, accurate, thorough, comprehensive and balanced. To do that, both the individual journalist and the individual journalistic organization must report the news accurately, fairly, thoroughly, comprehensively and in a balanced manner.

In effect, therefore, the journalist has had placed in his hands, by the public, the responsibility for providing fair and comprehensive reportage of what is happening. And the public has a right to expect of him that he will discharge this trust. In that sense the media are accountable to the public.

Put this another way. The first responsibility of the journalist, the journalistic organization, is to inform. It is in the discharge of this responsibility that the question of social responsibility arises—the obligation of the journalist to do his job with accuracy, fairness, thoroughness, comprehensiveness and balance.

The case for socially responsible journalism flows from this, it seems to me. The right to freedom of the press exists to facilitate, to make possible freedom of speech and discussion. And with this right goes a corresponding obligation.

For the media, socially responsible journalism is a matter of enlightened self-interest. The degree of respect the public holds for the media, their trust in the media, determines in no small measure our effectiveness in acting as their agents for information and knowledge.

Today, it seems to me, that public respect which the media must have to be effective is in danger of being undermined by the fast-rising demands and expectations being placed on them, and by the difficulties inherent in responding rapidly to these demands and expectations.

Consider the dimensions of the problem. The amount of information which can and must be put at the public's disposal has grown enormously—in international, national, provincial and local news. The issues being debated have proliferated—economic, social, environmental, cultural, political, governmental. And the complexity of the issues has been compounded even as our capacity to understand and analyze them has grown.

The sheer volume of what has to be covered is a measure of these difficulties.

The editors of the CBC National, for example, see more than a quarter of a million words flowing across their desks every day and from that they choose about 3,000 for the National. *The New York Times* receives two and a half million words a day and chooses 185,000.

More, the very nature of these choices makes journalism about the most pluralistic kind of business I've ever known. Decision-makers are all over the place—hundreds of them. The reporter, the editor, the headline-writer, the editorial writer, the assignment desk, the lineup editor, the producer, the director, not to mention the publisher or the president. All are making decisions of one kind or another leading to what you see or hear or read.

It is the ability of journalists and journalism to cope with these rising demands and increasing public expectations which is at issue, it seems to me. In its totality, we have today much better, much more comprehensive, much more professional, much more balanced journalism than we have ever had. But the problem is that we must be better still if we are to cope with these rising public expectations and demands.

And this is no easy task. Consider this journalist, this person on whom we are placing these expectations and demands. Obviously, he or she must have the highest professional standards; must be socially aware; intellectually acute; economically knowledgeable and politically sensitive. That's a lot to expect, and particularly from one whose healthy scepticism, sometimes, may have turned to cynicism or a kind of negativism. I'm reminded of Senator Keith Davey's phrase that "most Canadian newsrooms are boneyards of broken dreams".

Despite that pessimism, however, I find in most of our jouralists today a determination and a dedication to the proposition of socially responsible journalism that far exceeds what is sometimes believed of them. But it remains that there is a gap between what we are trying to do and what the public demands and expects of us.

There have always been tensions between the media and the institutions of any society. But I'm truly apprehensive about the concern with the media, today, by what might be called the opinion-multipliers—the communicators, businessmen, farm and labour leaders, religious groups, politicians, teachers, and social activists of all kinds. So far this concern is not really shared by the mass of Canadians. In fact, according to recent surveys, a large majority of Canadians still do have a high regard for the media and generally rank journalists well up on the scale of honest and ethical professionals.

But criticisms there are, and we would do well to ponder on them. Let me mention a few.

Anti-establishment. It's a feeling, a perception in much of the public that we concentrate too much on tearing down society's institutions, that we are too negative, reporting and investigating the relatively small percentage of malpractice in our institutions and ignoring their constructive activities. Edgar Burton, president of Simpsons, said the other day the media too often seem to suggest business does nothing but "bribe politicians, pollute rivers, scar the land, poison the labour force and produce cancer-causing drugs."

Shallowness. Harry Boyle, for example, former chairman of the CRTC, has said that Canadians are turned off by glib, superficial news. It's a concern that informing Canadians calls for a breadth and a depth in the coverage of society and social developments which is not achieved through the mere coverage of events. Underlying trends in society, underlying issues of complexity and difficulty too often get crowded out by the less important, the more immediate, the more superficial.

Sensationalism. It's a complaint that the media, and in particular television, are too often attracted to the sensational—to the theatrical, to the explosive events—instead of dealing with important matters of intellectual substance. Ideas are news, but too often they get crowded out by events. The complaint is that the media tend to sensationalize by minimizing the conflict of ideas and maximizing the conflict in the streets without relating the second to the first.

We are accused of too often looking for good guys and bad guys, for social confrontation and not social co-operation. Labour and business, for instance, both complain that the media's coverage of their activities concentrates largely on strikes. Walter Wriston, chairman of Citibank, put it differently when he complained of the "needless harping about the shortcomings of our society."

Or the complaint of crusading . . . that the media are on a sort of "high" from the Watergate stimulant and are obsessed with trying to do the job of the police or the courts.

Then there is the widespread complaint that the news coverage of networks which serve the whole nation is geographically biased, that they reflect Toronto and Montreal and Ottawa but not the rest of the country.

On the other side, there are those who charge that the media are captives of the establishment and who complain that investigative reportage is only a token challenge to the establishment. These critics say that since the media are dependent for economic survival on the business or governmental institutions of the country they never really will challenge the social structure.

Well, the complaints are endless. And they are, I'm afraid, increasingly shrill and increasingly pointed.

Having said this, it must be recognized that there are very real limitations to what the media can be expected to do. Obviously the media cannot solve all the problems of mankind. They did not invent the problems they report, nor can they be held responsible for the events which they report, however discomforting those events may be.

More, there are limits on the capacity of each medium to do the whole of the job expected of the media. Television, for example, deals with ideas and abstractions with greater difficulty than do magazines and newspapers. It is more impressionistic, more visceral. The printed word, on the other hand, is capable of being more intellectual, more structured. Each medium must strive to enrich what it does to the extent of its limitations, but it cannot pretend to do the whole job of the whole media.

What I'm trying to say is that in its evaluation of the media the public must try to recognize the media's limitations. For you can't, in logic, condemn the cat for not being a dog.

It must be said, too, still on the other side of the complaints against the media, that everybody does seem to want to see their own self-image projected to the public at large.

Politicians want more understanding treatment; moralists want their own ideas asserted; business and labour want programs to reflect a greater insight into their problems; and a multitude of citizen groups want their viewpoints to dominate. And no wonder they do, since the media constitute the only way they can communicate with the mass of Canadians. When the journalist seeks to apply independent judgement to all these demands the critics too often confuse that independence with an adversary role.

But the media must be independent. They must be a fair witness to reality, even when some elements of society may not like that reality. For their first responsibility is to inform, and thus to facilitate free and open discussion in the community.

When there are deep divisions among the public and when debate is shrill, inevitably the media are the target of abuse simply because the protagonists are utterly dependent on the media to carry their arguments. Most protagonists are not happy when the media show attitudes conflicting with their own. What they intuitively look for is a reinforcement of their attitudes and prejudices. When that does not occur, the perception of bias often arises.

Part of our job, however, must be to enlarge public understanding of uncomfortable problems, and I quite understand that inevitably that gets some people riled up.

I believe journalism serves democracy best by airing widely and often wildly differing points of public view. Even in the canonization of a saint, the church listens to a passionate Devil's advocate. It was American Justice Oliver Wendell Holmes who said there must be "freedom for the thought you hate."

But sadly, it often is not so much a lack of accuracy but a dissatisfaction with the message that leads to public concern.

In the journalistic business that's known as the "Cleopatra syndrome" or "kill the messenger". In Shakespeare's version, when the messenger advises Cleopatra that Mark Antony has married Octavia, her anger at the news is taken out on the messenger. She calls him an "infectious pestilence" and suggests he be "whipped by wire", "stewed in brine", "smart in lingering pickle", be scalped, and finally killed.

Ending her tirade, Cleopatra says: "Though it be honest, it is never good to bring bad news."

My colleagues and I know full well how Cleopatra's messenger felt. But even so, if we are to be honest we must report good and bad news. I should add there is a lot of so-called good news that seems to go unnoticed. In broadcast terms, for instance, programs which strengthen our institutions, news about national celebrations, Parliament, religious services, historical shows, music and sports events all constitute a kind of social glue of one kind or another reinforcing the sense of belonging to our country. All these have to go into the balance in weighing the total output of the CBC or any broadcaster, newspaper or magazine.

Now, having noted what our critics are saying, and having spoken of some of our problems, please don't think I'm dismissing the media critics. Far from it. To be honest, I think we in the media too often are excessively defensive in response to public criticism. The media must listen to the sound of criticism even though the complaints may not always be valid as stated. Oftentimes people tend to ask the wrong questions. And too often their attacks on the media are so extreme that they become sitting ducks for, frankly, a glib lecture on freedom of the press.

But it remains that, to paraphrase Cromwell, we must always be prepared to consider the possibility that we may be wrong, that underlying even the most sweeping, the most cantankerous criticisms, there may be the kernel of a real and valid—if unarticulated—cause for concern.

And there are fundamental questions about the media that do worry me. I hear the critics and while I can often find a ready answer to their specific complaints, the theme, the underlying music, the underlying dirge of discontent is much more disturbing.

It seems to me that many of our critics feel the mass media are out of control, that they have grown so big, so powerful and so removed from the public that no one can control them. So, as I have said, there is a tendency to search for some mechanism for control. And despite the general conviction that state control is not the answer, for it is such a thoroughly dangerous and unacceptable proposition, some still think of government, whether consciously or unconsciously, as a kind of residual legatee of responsibility in the media.

Indeed, an underlying public desire for order, sometimes even at the expense of freedom, is never far from the surface.

What is more, governments tend to fill vacuums, to do jobs which other units of society don't do for themselves.

Let me pose the dilemma in another way. What does indeed lie between the laws of libel on the one extreme and government intervention on the other as a method of ensuring that the media are socially responsible in doing their job? How do we improve the quality of our journalism to meet the rising public demands and expectations? What measures do we employ for ensuring that we are fulfilling the social responsibilities which accompany our obligation to inform?

Well, I don't pretend to have all the answers. And certainly there are no miracle cures, but I would like to suggest some guideposts for socially responsible journalism:

First—we need to improve our journalistic professionalism.

Second—we must more fully articulate, elaborate and illustrate our code of ethics, our journalistic policies.

Third—we must pay more serious attention to public complaints.

Fourth—we should widen the use of press councils, and establish a Broadcast Complaints Commission in Canada to consider public concerns about unfair treatment.

Fifth—we must take the public more fully into our confidence and make them aware of our policies and standards so there is something against which to measure clearly our performance.

Now, may I expand on these points one by one.

First, our need to work on improving the performance of our journalistic profession. That's a central responsibility of all journalistic organizations. Unless the news organizations of this country, and for me that most especially includes the CBC, are prepared to do what is necessary to help improve the performance of our journalism, we won't earn public confidence and support.

We must spend more effort and more money on training; on specialization so that we develop recognized expertise in a variety of important areas; on rotations, especially for national journalistic organizations, so that reporters and producers and editors move around the country to get a better sense of the geographic and cultural breadth of Canada.

We must spend more effort and money on seminars of all kinds, to bring journalists together to confront the key policy issues of fairness, balance and thoroughness and their practical applications—and sometimes bring together not just the journalists themselves but with them their executives, and representatives from the public, in a kind of synergistic dialogue.

My second prescription is that we must make a greater effort to articulate and to elaborate our code of ethics of journalistic professionalism. And to illustrate what they mean in their application.

Most organizations, including the CBC, do have such a code of ethics or book of policies. But it seems to me we need to discuss those policies much more fully than we have done, and we need to make sure our reporters, editors and producers are fully aware of them and are following them. We need to illustrate more fully our policies with specific examples so that they take on a more comprehensible and meaningful shape.

I attach a great deal of importance to this point. For journalistic standards must be the agreed agenda of journalism, for the journalist and the public alike. The journalists must be guided by them when they prepare their stories and their analyses of the news, and the public should employ them when they are judging the story and analysis which they read and hear and watch.

Articulating and elaborating these standards, and certainly applying them, is no easy task. Let me illustrate why.

The central question in any journalistic code of ethics is this: how do we achieve balance and fairness in news coverage?

Well, in the first place, there are two kinds of balance and fairness: one provided by the individual journalist doing a story; and the other provided by the journalistic organization itself in the weighting of material in its total output. Each has a responsibility to be balanced and fair.

Like all of us, journalists have opinions and biases of their own. Their geographic and cultural roots will affect their attitudes. It simply is not possible for any thinking citizen today to be totally neutral or objective—which is to say, free of all personal feelings—in describing an issue or event. What journalists must do is to recognize their attitudes and opinions and step aside from these in reporting and editing. I don't demand that the journalist be a eunuch in the harem of ideas. What I demand, what good journalism demands, is fairness—a fairness induced by the journalist's professionalism.

To be professional is not to be without opinions but it is to be self-aware and self-correcting. Something like being a member of a jury. The juror is not empty-headed of past experience or attitudes, but he is expected to put aside his prejudices in weighing the evidence. It's the same thing with the reporter or editor weighing the evidence of a news story.

There are, of course, opinion commentators or columnists who do take a point of view, and that's perfectly acceptable, provided they declare their biases and provided the journalistic organization carrying their viewpoints has an overall balance in its opinion journalism. If it does not, it cannot expect public credibility as an independent journalistic institution.

And let's remember the media are not simply spectators at the issues and events of our time. We are participants, because we in the media identify, we choose what we consider are the significant trends, issues and events, and set aside others.

The media hold a mirror up to society but we raise that mirror selectively. And we have to recognize that the very raising of the mirror will change the character of the event or issue by intensifying it or glamorizing it or denigrating it.

In holding up that mirror we must bear in mind that a rigid application of objectivity or neutrality is capable of lifting fools to the level of wise men or often giving the lie a big head start when a demagogue is quoted at face value.

As Mark Twain said, "A lie can travel half-way around the world while truth is still putting on its shoes."

But in speaking of fairness, the articulation of our code of ethics must also mean equality of fairness. It is easier to be fair to a big man than to a small man. It is easier to be fair to someone who can hit you back. It is easier to be fair to someone you like. By fairness I mean giving justice to all, big and little, the likable and the unlikable.

Impartiality is part of being fair. In some quarters, the notion of impartiality is under siege. Some sociologists say no one can be perfectly impartial and some producers say it leads to programs being drowned in a babble of voices. For my part, I think impartiality is composed of three elements.

First, we must allow the widest possible range of views to be expressed. After all, even a wrong opinion may contain a grain of truth that helps find the whole truth.

Second, we must not only take account of the whole range of views on an issue, but also of the weight of opinion which holds those views. The greater weight obviously goes to views that are held by more people. The challenging of accepted orthodoxies should be reported but so also should the established view be fully and clearly put.

Third, the range of views and the weight of opinion are constantly changing and these dynamics of change must be carefully considered and weighed.

Another element of fairness is breadth of coverage—the dimension, the texture, the nuances. Without this we attract the contempt of politicians, businessmen and specialists of all kinds for we become excessively simplistic.

At the CBC, may I say, we try to remedy that by supplementing the newscasts with documentaries, special background programs, magazine programs, discussions and interviews. But I'd like to see even more, even within our newscasts, some greater element of the texture and background of an event or issue and not only the unadorned fact or event. And by that I certainly do not mean opinion or editorializing—the CBC has no business editorializing. I mean the factual background setting of which a contemporary event or issue is only the surface reality.

Well, these are only a few of the issues which journalists and journalistic organizations must address when articulating their standards and policies. But they illustrate, I think, the importance of such standards and policies both to good journalism, and to public confidence in the media.

My third prescription or guidepost for socially responsible journalism relates to public complaints about taste, content and standards. These, it seems to me, must be dealt with by the individual journalistic organization through an adequate internal review process.

We in the CBC have recently begun experimenting with a new approach in responding to such complaints. I frankly feel it's just not good enough for us to brush off those who write to us with their concerns with a brief "Thank you and we're sorry you didn't like it" defensive answer. Occasionally I'm afraid we do. I think serious and well-reasoned complaints from the public merit a serious reply. We are experimenting with an internal ombudsman-type of process whereby significant and thoughtful complaints are examined in very considerable detail, with the complaint measured against the program and the program measured against our policies and standards. And if we find we have made a mistake, we'll admit it. If we don't think we have, we'll reply in detail and send along a copy of those policies so our answer can be evaluated against our policies.

If our public remains dissatisfied, we have a Board of Directors whose members are appointed from the public at large, and which finally must ensure that our answers are indeed full and fair.

My fourth prescription deals with charges of misrepresentation or unfair treatment as distinct from the complaints about taste, content and standards which I've just mentioned. These more specific complaints from the public require another approach. The print medium has press councils, as in Quebec, Ontario and Alberta, which hear such complaints.

For broadcasting in Canada there is no equivalent, except that the Quebec Press Council does include French-language radio and television. I believe a Broadcast Complaints Commission should be established for radio and television as a kind of independent public watchdog, if you will, to hear public complaints about misrepresentation or unfair treatment. Such a commission should be chaired by a distinguished representative of the public, and membership should include representatives of the public and the journalistic community. Obviously the members would have to be people with high credibility both to the public and to broadcasters.

People who feel aggrieved by unfair treatment or misrepresentation could raise their complaint with the broadcasting organization or with the Broadcast Complaints Commission. Members of the commission would hear the complaints, make judgements and publish their comments.

The power of sanction would remain with the broadcasters concerned since they must in the final analysis remain responsible and be held responsible for their programming. But I have no doubt that such a commission could have a significant influence on the broadcasting industry. Our own experience in the CBC bears witness to this. We, for example, were criticized by the Quebec Press Council for one of the items in the program Le Soixante, and I know that this experience conditioned us to be more careful and more rigorous in the application of our journalistic standards.

My fifth prescription for socially responsible journalism involves taking the public into our confidence. We must make sure the public is aware of exactly what our policies and standards are. As I have said, without that awareness, the public has no real way of measuring our performance. Some newspapers, indeed, such as *The Toronto Star* with Borden Spears, try to achieve this through a kind of ombudsman-like column dealing with reader concerns and delineating both policy and performance relative to those concerns.

What we must do, it seems to me, is to evaluate our fairness and balance and thoroughness—along with the public. And we should explain how our journalistic decisions are made and within what constraints of time, money, facilities and available knowledge. And we should listen carefully to the various public perceptions of the impact of our decisions.

At the CBC we've begun this process of evaluation with a seminar just a couple of weeks ago at Trent University in Peterborough involving the key national editorial decision-makers in the CBC and a number of articulate and leading Canadian citizens. And we plan to have more such seminars across the country over the next year.

There are other kinds of public forums where CBC decision-makers can discuss issues that concern citizens, also a part of taking the public into our confidence. We are planning a pilot project, hopefully over the next year, in two regions of the country. Broadcasters and teachers, farmers and factory workers, white collar workers and individuals from any profession will discuss openly and frankly their concerns. We plan to broadcast these public forums on radio—eventually perhaps on television—and at the conclusion of each forum we will take telephone calls from the listening audience. I plan personally to participate in this project along with senior corporate officers so we can have serious public discussion of public concerns.

Well, these are the five guideposts I would advocate for socially responsible journalism. They may not be a miracle cure, but they do provide, I believe, for a heightened sense of our own integrity in the media, as well as a foundation for greater public confidence in the media.

Even with all of this, even with full public support, the media will always be on trial and we will continuously be called upon to justify our activities. We can never expect to have a tension-free relationship between the media and the different elements of society. For the media, in doing their job of reflecting reality, will always cause sparks, touch nerves, reflect and reveal what we as individuals sometimes would prefer not to know or to see. In a decision in the Pentagon Papers case in the United States, Judge Gurfein put it better than I can do: "A cantankerous press, an obstinate press, a ubiquitous press must be suffered by those in authority in order to preserve the even greater values of freedom of expression and the right of the people to know."

But let us be certain that when we in the media cause tensions, strike sparks, we do so for the right reason, because we are doing our essential job of informing the public, and not for the wrong reason, because we are failing to meet our own standards of accuracy, fairness, thoroughness and balance.

May I conclude with a personal word about journalism generally, and one about journalism in the CBC. I have come to develop, in my two years as President of the CBC, a great respect for the journalistic profession, and the high purposes it serves. It is a tough, and grinding and proud profession. We in Canada owe much to those who are prepared to ply this trade.

About journalism in the CBC I want to be even more personal. Journalism in the CBC is the object of much criticism. And why not. We are in everyone's home, and everyone owns us. But when you meet CBC journalists as a group, as I did recently at our Peterborough seminar, and hear and perceive their sense of commitment to the public purposes they serve, you see why the CBC enjoys the very high reputation it does in broadcasting circles around the world for the outstanding quality of its news and information programming.

This is not to say that we rest content: we know where we are on the road to excellence, and we are determined to pursue our way along that road with all the determination at our command. That is why I chose today to talk about journalism in Canada, and to speak as candidly about it as I have tried to do.

Thank you.

The appreciation of the audience was expressed by Sir Arthur R. T. Chetwynd, Bt., a Past President of The Empire Club of Canada.

DECEMBER 8, 1977

Canada's Energy Opportunity

AN ADDRESS BY Alexander M. McIntosh,
CHAIRMAN OF THE BOARD OF GOVERNORS, CANADIAN PETROLEUM ASSOCIATION

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: When Edmund Burke said in 1769, "Public life is a situation of power and energy," he was probably not referring to petroleum products, nor one supposes to hydro power.

And yet energy—its availability, its location, its cost and the speed at which it can be found and in what quantities have certainly become everyday parts of our life today.

J. Tuzo Wilson perhaps summed up our unique position best when he wrote, "There's one thing Canadians should always remember. In many parts of the world, including the southern United States, people will be uncomfortable if heating fuel is cut off—but in Canada many people would die. We need our energy fuels just to stay alive in our rigorous climate and fuel for our future is essential."

Of all the energy sources discussed, the one in the midst of the most controversy is the group loosely known as petroleum products—basically, oil.

Our guest of honour today, Mr. Alexander McIntosh, is an oil man. More specifically, he is a Canadian oil man.

Although he was born in Scotland, Mr. McIntosh was raised in the Turner Valley just south of Calgary, in the middle of one of Canada's major oil fields. He was schooled in that oil field, and having served in the RCAF and in the army during the war, graduated from the University of Alberta as an engineer. He went directly into the oil business—as a matter of fact, he even met his wife in an oil refinery office.

It's said that he has three real loves in life—his family, the oil business and golf, true to his Scots ancestry. No one has firmly established the order in which those are presented.

During his early posting as engineer in Fort St. John, McIntosh hewed what is now the Fort St. John Golf and Country Club out of the wilderness and, not surprisingly, was the first president and charter member of that club.

Alex McIntosh has been described as a very direct, very quick, very bright man who doesn't feel the need for the niceties of office procedure. As a matter of fact, he is said to have advised a colleague that, "If you have a geologist in your organization that finds you some oil, you should go and congratulate him, give him a bonus and then kick him out—because the chances of him finding more are pretty remote."

He has spent his entire career with Pacific Petroleum as engineer, production supervisor, chief engineer, district manager, operations supervisor, production manager, and finally senior vice-president and director. He epitomizes the confidence of the petroleum industry and believes that Canada can be one of the few countries in the world having a secure supply of domestic petroleum energy.

He has taken the lead in putting together a consortium of companies to upgrade the refining of oil in Alberta and was instrumental in creating a new industry for Canada when he coerced the federal government and the Dominion Bridge Company to make pump jacks, previously imported, in Calgary.

Many of us in this part of the world will remember when we were told—and quite directly, too—"to go freeze in the dark". I hope we remember with equal clarity the bumper sticker created by the then mayor of Calgary, Rod Sykes, which said, "That eastern bastard is my brother".

Sisters and brothers, Alex McIntosh is convinced that all of us in this country have a unique opportunity to develop a petroleum industry which can keep up with the tremendous uses of Canadians—who consume more energy per capita than any other industrialized country in the world.

Ladies and gentlemen, it is a pleasure for me to introduce to you the chairman of the board of governors of the Canadian Petroleum Association who will be making his first public address since taking over as chairman. He will address us under the title "Canada's Energy Opportunity". Mr. McIntosh.

MR. MCINTOSH:

Mr. Chairman, head table guests, ladies and gentlemen: These are exciting times for the Canadian oil industry. Exciting—because we've embarked on the biggest hunt for new oil and gas supplies in Canadian history.

True, we face political and economic difficulties in Canada today, but the petroleum industry is confident that we will be able to secure for Canada the long-term energy supplies on which a prosperous national economy can be based.

Canadians have a more realistic understanding of the energy situation today than they did just a few years ago. There's a greater understanding that the days of cheap energy are over, that to remain competitive in the present global situation Canada needs secure energy supplies.

Three other factors are not as well understood.

First: Although the consumer is paying higher prices for energy, a relatively small portion—only about 35% of the value of a barrel of oil—comes back to the producing industry.

Second: The magnitude of energy potential Canada has to develop.

Third: The favourable economic impact the development of this potential will have on the country.

My message today is a positive one. I hope to leave with you a better appreciation of how this development can help put Canada back on the road to economic prosperity.

Canada has a vast potential of oil and gas supplies. There is considerable potential remaining in the traditional exploration areas of western Canada, particularly Alberta. We have potential in the frontier areas, including the Mackenzie Delta, the Beaufort Sea, the Arctic Islands and the east coast. We have, in the Athabasca oil sands, one of the largest single potential energy sources in the world. The oil industry has launched an all-out effort to realize this vast potential. That effort in itself has resulted in a healthy infusion of funds into the Canadian economy.

For example, last year, the industry spent $7.3 billion, $100 million more than its total revenues.

The bulk of that money flowed back into the Canadian economy in the form of wages, payments for supplies, taxes and royalties. For the producing provinces the benefits of these expenditures are perhaps more obvious. They are less obvious in a consuming province like Ontario. Yet the spin-off effect of these energy investments has an immediate impact on the economy of eastern Canada.

Let me give you an example of the economic impact that comes from the exploration and development of new energy supplies. One oil sands mining plant, such as Syncrude, requires the direct employment of up to 10,000 workers during construction, both on-site and for related engineering support. Beyond this figure are the significant number of new jobs created from purchase contracts placed across Canada.

As of September this year Syncrude had spent or committed more than $1.7 billion for equipment and material. Of this, 62 per cent or a little over $1 billion had been spent in Alberta, 14 per cent or about $240 million had been spent in Ontario and about 5 per cent or $80 million had been spent elsewhere in Canada.

Last month an application was filed with the Alberta government for a $4 billion plant to extract the heavy oils from the Cold Lake deposits. Another group of companies is in the advanced planning stages for a third mining plant in the Athabasca oil sands. These projects will mean more jobs and more economic activity.

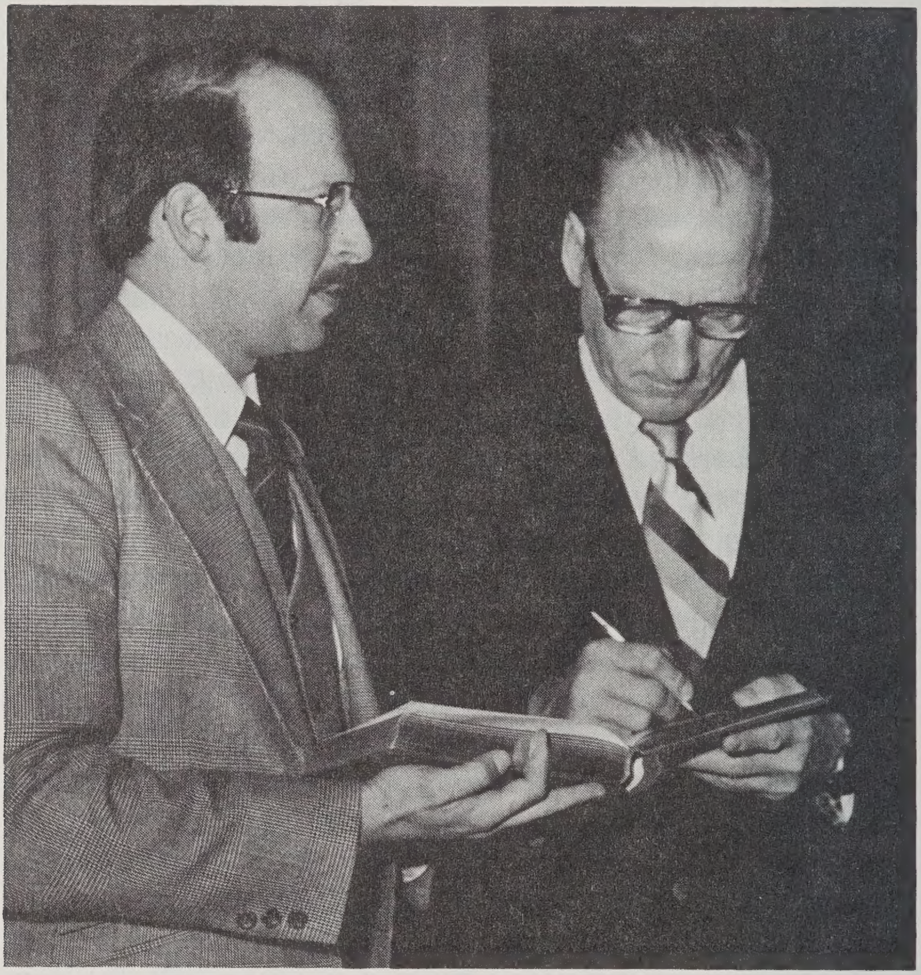
Exploration and development activity is good for the Canadian economy—good because it creates jobs and generates the kind of economic benefits we need.

This vigorous exploration and development program is beginning to solve our energy supply problem.

The problem is well known. Petroleum is the dominant form of energy in the world today, providing more than half of the energy in the non-communist world. Other forms of energy—such as coal and uranium—will begin to make a bigger contribution after 1980. But that transition will take place very slowly. By 1990, oil will still be contributing about half of the non-communist world's energy.

Most analysts expect that demand for oil will approach the limits of producing capacity by 1990, and perhaps even earlier. When this occurs, the price of oil will be anybody's guess. In the meantime, it's likely that world oil prices will advance at a rate somewhat above world inflation rates. OPEC countries may be unwilling to deplete their reserves at ever-increasing rates to meet demand in the western world. In other words, there's a possibility that some OPEC members may reduce production to meet their own economic objectives. In addition, politically-inspired cutbacks remain a constant threat.

At the moment, Canada is using up existing conventional oil reserves faster than new supplies are being added. However, Canada is still slightly more than self-sufficient in hydrocarbons if you add together both crude oil and



The President holds the Guest Book for
A. W. McIntosh to sign.

natural gas. We're long on natural gas, but short on crude oil.

Our current supply position for natural gas is good—very good. Last year, the amount of gas discovered was more than the total produced. The increase in proven reserves in western Canada is the direct result of the higher prices being received by the industry.

The oil supply situation is less encouraging. No new major fields have been confirmed. But several interesting strikes have been made in central Alberta this year. All indications point to a significant find but it's too early to try to measure the extent of the new discoveries. By this time next year we will have a better feel for the significance of the find.

Our best potential for additional domestic oil supplies lies in the vast deposits of heavy oil and the oil sands. These are located in Alberta's Athabasca oil sands, in the Cold Lake area, the Peace River region, and around Lloydminster on the Alberta/Saskatchewan border. These deposits probably contain something like one trillion barrels of oil. That amount is so large that even a small percentage recovered would help our supply position quite substantially.

A good deal of research has been done. Large scale pilot projects to test recovery techniques for the oil sands are under way. Support for this research and testing is being offered by the Alberta government, through the Alberta Oil Sands Technology and Research Authority. The federal government is supporting the industry by permitting us to defer some income tax obligations and by funding under the Energy Resources Research Fund.

Heavy oil in the Lloydminster area can be developed earlier because it can be produced with known technology. Here the problem relates more to marketing. Canadian refineries are not designed to handle all of these heavy oils. So more than half of it is exported to the United States.

Two proposals have been put forward to upgrade the heavy oil so it can be used directly by Canadian refineries. The cost would be something like $600 million per plant in addition to further investments required to bring on added production. Developing these heavy oil deposits will reduce our short-term deficiency until larger production can be secured from Cold Lake and the Athabasca oil sands.

As you can tell from some of the costs I've quoted, developing our own energy resources is an expensive proposition. What makes this development possible is the simple fact that oil prices in Canada are gradually rising to world levels. As the price rises, the development of oil reserves, like the oil sands and the heavy oil deposits, becomes economically feasible.

As a matter of interest, because of these higher prices the industry is taking another look at exploration prospects in the province of Ontario where oil was first discovered in Canada back in 1858.

Developing our own reserves, even at a relatively high cost, is preferable to purchasing increased amounts of oil abroad. Fifteen dollars spent for a barrel of oil outside of Canada stays outside of the country. That money spent inside Canada on our own oil stays in our economy.

In the past, we've spent about three per cent of our gross national product on total energy development. Now we're going to have to devote about double that figure. But as I've pointed out, that is preferable to becoming more dependent on imported oil which, in any event, would subject Canada to political and economic forces over which it would have no control.

If we are to realize our oil and gas potential, there are two requirements. These requirements can not be fulfilled by the industry alone.

First, we require a stable set of ground rules. Those ground rules are set by government—provincial and federal. We need this stability, because our industry requires long lead times. For example, it takes as long as eight years to assemble the money and men and equipment to build an oil sands mining plant. Frontier exploration takes even longer to reach the production stage.

In those parts of Canada where we have clear, understandable rules we also have the greatest amount of industry activity. The provinces of Alberta and British Columbia have, to a large degree, developed energy policies that are giving us the necessary stability.

In general, the industry feels that governments in Canada are moving in the right direction. We hope that there will be no drastic changes in policy that introduce new difficulties in the development of energy supplies.

There is a second requirement. The industry must have an adequate cash flow if Canada is to realize its energy potential.

The federal government is committed to a policy of moving the price of Canadian oil to world levels. This has helped the industry because there has been some increase in our financial return. But this return is being rapidly eroded by inflation and by the increasing costs of developing new reserves. If we are to maintain our degree of self-sufficiency in energy reserves, we will need an even larger share of the price of a barrel of oil.

We are encouraged by the attitude of government. We hope that this more positive attitude will continue and develop.

I want to comment on the impact of energy self-sufficiency on Confederation.

From the perspective of energy, there is one good reason for Quebec to remain in Confederation. As an independent entity, Quebec would have to compete on the world market for oil and gas supplies, in a world where supplies are diminishing rather quickly. At today's prices that would mean annual expenditures of more than $3 billion to purchase current oil requirements. A Quebec with no domestic supply would be at the mercy of external economic and political forces beyond its control.

Within Confederation, Quebec would continue to share in the benefits of relative energy self-sufficiency which we enjoy as a nation. As part of Canada, Quebec would enjoy a security of supply that would not be possible if she were to separate. This is not a one-way street. Quebec represents a large and important market for Canadian oil and gas production.

Let me quickly summarize the message I want to leave with you.

Canada has energy potential to develop. Much of that potential can now be developed economically, due to the increase in the price of oil. Developing this potential is making a substantial and positive impact on our economy.

The industry applauds the moves taken so far by various governments to stabilize the ground rules under which we operate, and to increase our cash flows.

Given continued stability and increased returns I am confident that our industry can do a good job in helping Canada to achieve self-sufficiency in energy supplies. And if we are successful, it will benefit every citizen of Canada. Thank you.

The appreciation of the audience was expressed by Mr. Douglas L. Derry, C.A., a Director of The Empire Club of Canada.

DECEMBER 15, 1977

Christmas Luncheon

GUEST OF HONOUR
The Honourable Pauline McGibbon,
LIEUTENANT GOVERNOR OF ONTARIO

CHAIRMAN
The President,
Peter Hermant

MR. HERMANT:

Your Honour, head table guests, ladies and gentlemen: This is a time of the year when we try to put aside the problems which confront us every day and think more about the larger facts of human life. I would thank you for coming here this afternoon and sharing with us the beginning of this most joyous season. It is certainly a time for "good will towards men and women" and for "peace on earth".

In recent years, however, I have discovered that for some people Christmas time does not bring the sense of joy that I have always associated with it. For these people it is a time of sadness and loneliness. If there is one gift that we can give together I would hope that it could be that the spirit of Christmas which so infects children should also be instilled in those who have such heavy hearts.

As Francis Parcellus Church wrote in *The New York Times* in his famous editorial, "Is There a Santa Claus?"—"Thank God he lives and lives forever. A thousand years from now, nay ten thousand years from now, he will continue to make glad the heart of childhood." And I would add to that, "And I hope the heart of mankind."

Ladies and gentlemen, one of the traditions of The Empire Club of Canada and embodied in our annual Christmas luncheon—in addition to the famous trooping of the plum pudding which we have just witnessed—is that our head table is made up of our Vice-Presidents, Directors and Past Presidents, all of whom have made and continue to make significant contributions to the club. This includes, of course, our Honorary Vice-President, the Honourable Pauline McGibbon, Lieutenant Governor of Ontario.

Our province is indeed lucky to have at its head the Lieutenant Governor that it has had for the last three and a half years. To say that she works hard would be the understatement of the age, for surely no one goes to more ceremonies—openings, closings, givings, takings, and so on. No one could represent the Queen or the Province of Ontario in a more prestigious manner, and it is a sincere pleasure for me to introduce to you Her Honour, Pauline McGibbon, and ask her to bring us greetings at Christmas from Her Majesty, the Queen.

HER HONOUR, THE LIEUTENANT GOVERNOR:

Mr. President, honoured guests, ladies and gentlemen: Thank you again for inviting the representative of Her Majesty, the Queen, to be with you at your Christmas luncheon. My husband and I always enjoy being with you on this occasion.

It is a particular pleasure for me to announce to you today that one of our distinguished Past Presidents, Major General Bruce J. Legge, C.St.J., E.D., C.D., Q.C., has been awarded, this morning, the Canadian Military Medal with the inscription "For long years of devoted service to his country". I am sure all of us here join in congraulating Major General Legge on his outstanding achievement.

This is a particularly joyous season of the year and my husband and I wish all of you a very merry Christmas.

MR. HERMANT:

Your Honour, head table guests, ladies and gentlemen: I should like now to introduce to you the balance of our guests who have honoured us by their presence at our head table today. Following our usual custom, I would ask each to stand briefly and be recognized and would request that the audience withhold its applause until all have been introduced. (*Introduction of head table guests.*)

MR. HERMANT:

Your Honour, head table guests, ladies and gentlemen: Surely no office, elected or otherwise, could be more satisfying than to be the Immediate Past President. I have been assured that this is no less true of The Empire Club of Canada.

The person who presently occupies that distinguished position from our point of view is our Immediate Past President, Mr. William M. (Bill) Karn, who so gracefully and effectively performed at this podium over the 1976-77 season.

Anyone who had the pleasure of hearing Bill Karn introduce his notable array of speakers will remember the incredible amount of research that had been done and which represents, of course, not a small contribution of time and effort to the affairs and to the lasting reputation of this club.

Bill is also to be congratulated for arranging to have his yearbook appear simultaneously with our first meeting, which is a benefit not only to the present membership of the club but also to our attempts to increase our membership—and believe me, Bill, this was an effort that was particularly appreciated by the Board of Directors.

It is a pleasure for me now to present to Mr. Bill Karn, on behalf of the Board of Directors of the club, Honorary Members and Past Presidents, an illuminated scroll bearing the signature of His Excellency, the Right Honourable Jules Léger, C.C., C.M.M., C.D., Governor General of Canada and Honorary President of the Empire Club, which states simply and correctly "The Empire Club of Canada acknowledges with grateful thanks the services of William M. Karn as President during the year 1976-77." And I would further ask B.Gen. Reginald Lewis, First Vice-President, to present to Mrs. Karn, also on behalf of the club, a small token of our affection and esteem and in recognition that excellence is derived from support and teamwork. Thank you. (*Presentation to Mrs. Karn.*)

MR. KARN:

Mr. President, Your Honour, distinguished guests and fellow members of The Empire Club of Canada. Even though I have watched this ceremony for many years, it does come as a delightful experience to receive my own graduation certificate.

Thank you very much, Peter, for your kind sentiments and for this scroll which will be one of my most prized possessions.

It will remind me of the great honour you paid me in granting me the privilege of serving as your President during the 74th club year.

It will remind me of the loyal support which *you all* gave to our activities, in the finest tradition, enabling this great club to accomplish another milestone in its record of service to Canada.

It will remind me also, Mr. President, that there is much work yet to be done by all of us, if we are to play our part in preserving for future generations of Canadians the Canada that we know today—the Canada that has become one of the strongest pillars of the Commonwealth.

Recently I have been in many countries which I neglected last year, and without exception, all of those people with whom I held discussions expressed *surprise and concern* that Canada—heretofore the model of excellence which so many have been seeking to emulate—should now be in danger of losing its reputation for political stability and economic prosperity.

Further deterioration must be resisted to the maximum degree possible and therein lies a challenge to every member of the Empire Club. What better time than the Christmas season to reaffirm our friendship for our fellow Canadians, and to take whatever action we can to resolve regional differences in order that we may preserve harmony among all members of our national family.

MR. HERMANT:

Your Honour, head table guests, ladies and gentlemen: I should like now to make a special presentation to Mr. John Griffin, who has just completed his term as President of the Empire Club Foundation. The Foundation is responsible for publishing and distributing the Yearbook and for raising funds for that purpose. It operates with a high degree of anonymity, unfortunately, but it consumes a tremendous amount of time and energy. The club is grateful to John Griffin for his contribution and wishes to present to him this token of its esteem. Congratulations, John. (*Presentation to John Griffin.*)

MR. HERMANT:

Ladies and gentlemen: At this time I should like to make an extra special presentation to one of our number without whom our meetings would be less effective and much less pleasant.

I should like to read to you a motion which was unanimously carried at the last Board of Directors meeting of The Empire Club of Canada, held in the library of this hotel, Tuesday, November 22, 1977. "Moved by Sir Arthur Chetwynd, and seconded by Mr. Bud Hoffman, that an honorary life membership in the Empire Club of Canada be conferred on Mr. J. Stanley St. John, our faithful pianist over a number of years, and that this presentation be made at the annual Christmas party. Carried unanimously.

It is, therefore, a great pleasure and honour for me to present to Mr. St. John this scroll which reads, "This

E CLUB
CANADA

Stanley St. John receives an honorary Life Membership in the Empire Club at the Christmas Luncheon.

certificate attests that Mr. J. Stanley St. John has been elected an Honorary Life Member of The Empire Club of Canada." Dated as at today's date and signed by our Honorary Vice-President, the Lieutenant Governor of Ontario.

Ladies and gentlemen: It is now a pleasure for me to introduce the Choir of St. George's College, under the leadership of Mr. Maurice White and accompanied by Mr. Thomas Fitches.

A program of Christmas music was presented by the St. George's College Choir.

The President and Katie Hermant with Her Honour,
The Lieutenant Governor, at the Christmas Luncheon.

MR. HERMANT:

On behalf of all of us here today, I should like to thank you, Mr. White, and through you, Mr. Fitches and all the members of the choir, for giving us a particularly tuneful and inspirational beginning to the Christmas season.

And also at this time, I should like to thank a number of people without whose efforts and participation this meeting and many other of our meetings would not be possible. I refer, of course, to our director George Stafford and his committee, including Drs. Parish and Crummey, who have made arrangements for today's luncheon; to Mrs. Eleanor Cook, the Executive Secretary of The Empire Club of Canada, and her assistant Mrs. Betty McAdam, without whom nothing would happen; to Pipe Major Ross Stewart, who has created entrances of distinction for this club for as long as I can remember; and also, of course, to the Royal

York Hotel—Mr. Gordon Cardy, the General Manager; Mr. Al Horbay, the Catering Manager; Mr. Adriano Ferreira, Mr. Charlie Decastro and their staffs, including the ever-faithful Sam and Emilio, all of whom are the real powers behind the typically efficient Empire Club luncheon. I also want to thank my staff and my family.

Ladies and gentlemen, I would remind you that on January 5 our speaker will be the Postmaster General of Canada, the Honourable Jean-Jacques Blais, whose invitation has been sent to him by courier and whose opinions should be of interest and of significant value to us all.

I would now ask that you join with me in standing and singing the first verse of our National Anthem, "O Canada", following which I would appreciate it if you would remain standing while the choir and the Vice-Regal party depart.

I should like to close this meeting by wishing each and every person here a most Merry Christmas and Happy New Year, which may be best expressed by the first Canadian Christmas carol, said to have been written in the Huron tongue by Jean de Brébeuf, the Jesuit missionary, in the year 1641. "Twas in the moon of wintertime, when all the birds had fled, that mighty Gitchimanitou sent angel choirs instead; before their light the stars grew dim, and wondering hunters heard the hymn: Jesus your King is born, Jesus is born, in excelsis gloria."

JANUARY 5, 1978

The Future of the Post Office

AN ADDRESS BY The Honourable Jean-Jacques Blais,
POSTMASTER GENERAL OF CANADA

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: The Immediate Past Chairman of the Canadian Radio and Television Commission, Mr. Harry J. Boyle, has been quoted as saying, "Without communication there is no society, whether it be a hive of bees, a troop of Boy Scouts, a bar association or a nation."

Probably the thing that worries our guest of honour today, Postmaster General Jean-Jacques Blais, is, in his own words, that, "The Post Office is really retarded in the sense that the message we carry is written and people just cannot expect the mails to act like telecommunications systems."

Most of us would certainly agree that there is not much of a comparison between electronic communication means and the Post Office—and despite the temptation, I am not going to beleaguer the Honourable Minister with one, or even more, horror stories about the nation's mail deliveries. Suffice it to say that in recent days it would appear that the only people capable of handling mail efficiently in this country are the RCMP.

Nevertheless, we should not lose sight of the enormity of the challenge which faces any Postmaster General and Mr. Blais is the fifth in that position since 1970 and the twelfth since 1962.

In 1976, the Canadian Post Office handled six billion deliveries of mail and employed 63,000 people. Despite its problems, it is still rated as the eighth cheapest in the western world and third in efficiency behind Belgium and Japan (although, undoubtedly, these figures were computed before our recent Christmas problem).

While it may be difficult to discern, the postal service is nearing the end of a one billion dollar plan to increase its efficiency—and that effort, in terms of the technology and automation required, is probably at the base of its frustrations.

There is, however, still the element of humour. Thank God we can still laugh at ourselves. Mark Nicholls wrote in last July's *Maclean's*, "On July 19 a newspaper will be mailed from Deloraine, Manitoba, to Morris, 120 miles away. Simultaneously, a group of pony express riders will set off on the same journey, carrying a copy of the same newspaper. They will change horses every twenty miles until they get to Morris. Postmaster General Jean-Jacques Blais is backing the speed of his postal operation against the stamina of the quarter horses. Around Deloraine, they feel he hasn't got a chance."

When Jean-Jacques Blais took over his current duties, it was a notable day—September 15, 1976, his son's fifth birthday. He had been well prepared for his new position, having been vice-chairman of the standing committee on natural resources and public works; member of the committee on privileges and elections; member of the committee on justice and legal affairs; and parliamentary secretary to Mitchell Sharp. All this in the short time since he was elected in the riding of Nipissing, Ontario, in 1972.

Mr. Blais is an Ontarian. More than that, he is a fourth generation Franco-Ontarian who graduated from the University of Ottawa and from Osgoode Law School here in Toronto. Before his political career, he practised law in this city—mostly labour law—until he was, in his own words, "depending for my livelihood on fewer and fewer unions." And so he moved back up to North Bay, from whence he was elected.

It must have been coincidence that he has also been quoted as saying, "I am a politician—I am not a labour relations expert."

Well, it would seem from this distance that he will have to be a great deal of both in order to survive the months, and we hope years, ahead.

Ladies and gentlemen, remembering the Book of Hebrews, Chapter 13, verse 16, which says, "But to do good and communicate forget not: for with such sacrifices God is well pleased," and trying to remember that we have progressed somewhat from that era when messengers bearing evil tidings were themselves beheaded, it is a pleasure for me to introduce to you the Postmaster General of Canada, the Honourable Jean-Jacques Blais who will address us under the title, "The Future of the Post Office".

THE HONOURABLE JEAN-JACQUES BLAIS:

Mr. Chairman, distinguished guests, ladies and gentlemen: Before I get down to the business at hand, permit me to say how pleased and privileged I feel to be addressing this Empire Club gathering. Your organization is one of the very few in Canada which dedicates itself to the task of dealing with important matters of public concern, and has been occupied for all of its 74-year history with preserving and strengthening the concept of a united Canada . . . something we need more today than at any other time since Confederation.

In this widely scattered country of ours, few things are of more pressing concern than communication with one another. And, in this context, nothing could be more important than the future of our only truly national communications system, the Canada Post Office. This is what I would like to talk to you about this afternoon.

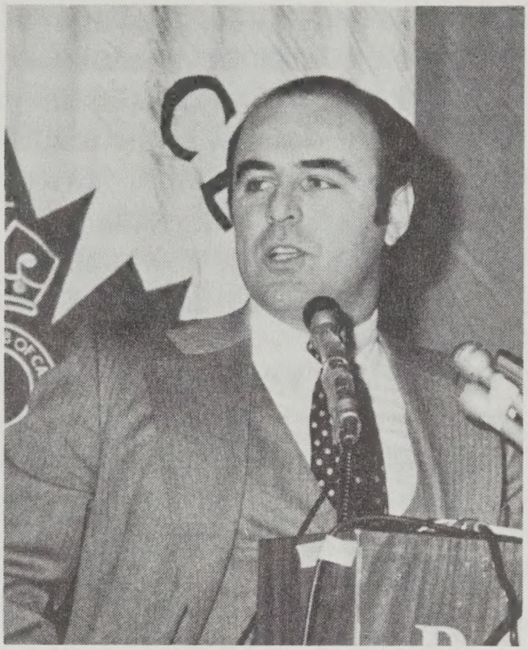
That the Post Office has problems is indisputable. But they're almost exclusively people problems arising from a poor labour relations atmosphere that has prevailed in the Post Office since the early 1960s. There was a belief that with the introduction of mechanization not only would the problem of handling mounting volumes of mail be solved, but that worker tensions and resulting union militancy would be eliminated. We were right on one aspect. Mechanization has solved the volume problems, but it has created new problems in the area of labour/management relations.

The most recent pre-Christmas work stoppage here in Toronto is clear evidence that mechanization is one of the root causes of this. But at the heart of the problem is the refusal of the CUPW leaders to consult with management on matters affecting the membership. If, in the case of the Toronto work stoppage, consultation had preceded the use of casual help to feed mechanized equipment, I am certain that the situation could have been resolved without friction.

The unfortunate consequences of the sporadic and all too frequent disruptions of service have been fewer people using the mails and more people expressing a lack of confidence in the Post Office as an organization that can be relied upon to deliver.

As I conceive of my responsibilities as Postmaster General, they are twofold. One, I must provide a communications service to all Canadians and two, I must manage the postal operations on a businesslike basis. This is a mandate that has been and continues to be difficult to discharge.

Because Canada Post has been and must continue to be primarily a public service and an instrument of public communications policy, it will require subsidization from the Treasury. But that subsidization must be limited to those identified areas of public policy. The normal, commercial operation of Canada Post must be on a cost recovery basis. Our difficulty has been identifying justifiable areas of subsidization on the one hand and generating sufficient revenues on the other.



Hon. Jean-Jacques Blais,
Postmaster General
of Canada

For reasons beyond the control of the Post Office, its management and work force, expenditures have continued to outstrip revenues. Inflation, rising material and labour costs, competition, and labour-management relations are some of the factors that add up to some very sombre reading along the bottom line of our balance sheet.

Rapidly rising costs have outstripped the growth in revenue. Our deficit is growing larger by the year. It reached $90.9 million in the fiscal year 1972/73; in fiscal year 1976/77 it had risen to $568.8 million.

Revenues are determined by two factors: mail volumes and postal rates. Volumes are continuing to grow, but at a slower rate than we once thought they would. Current volumes just under six billion pieces a year are historically high, but they are still one billion pieces short of forecast volumes made a few years ago. Service disruptions, coupled with aggressive competition from other forms of communication, are the principal causes of this shortfall.

Some classes of mail have been more affected than others. Parcel volumes, for instance, are about 22 per cent below the peak we reached in 1966/67 and are now running at about the level they were twenty years ago.

In the area of first class mail, our volumes are continuing to grow, but the mix in the mailstream has changed greatly over the past few years. Today we're heavily dependent on the movement of things like bills, cheques, statements, and so on. This material now makes up about 40 per cent of all our mail, rendering us highly vulnerable to any changes in this market.

If the Post Office is to survive as a public service and grow with the rest of Canada, it must solve the problems I've outlined and reverse the trends which are making increasing demands on scarce government resources.

It's my firm belief that nobody can put us out of business but ourselves. What is at present affecting us most, as I have just said, are people problems. We've got to get these under control and I think we will get them under control—and soon.

There has been a marked change in the attitude of postal management and most unions, including the 20,000 member LCUC, through a process called "intergroup".

Union representatives and management personnel have met throughout the system at all levels. During the sessions assisted by professionals, problems have been identified, personality clashes have been minimized and solutions have been arrived at as a result of joint efforts. The aim of the process is to avoid confrontation leading to win-lose power struggles that have been our experience in the past, and continue to be our experience with the only union which is not participating in the process. I am confident that CUPW will see that the very survival of Canada Post depends on a change of their present attitude of non-consultation.

In the meantime, we have to think about service improvements. Without going into too much unnecessary detail in this regard, we've got to obtain the maximum efficiency from our mechanization program; try to get everyone to use the postal code on which our whole mechanization program depends, and compete aggressively in the fast changing world of communications. We must continue our current efforts to explore the whole area of electronic mail to see where the Canada Post Office can fit in.

We've got to think not only in terms of today's customers but of tomorrow's customers. And the current thinking is that many of tomorrow's customers won't be licking stamps and putting them on envelopes. They'll be communicating by high speed electronic means—data processors, facsimile transmitters, telephones hooked up to computers, television systems and so on.

In my opinion, one of the reasons Canada Post is no longer seen as an efficient reliable institution is that it has for two generations forgotten that it is a communications medium. There was a time when it was the only national communications network. Those days are long gone. In fact, we have been relegated to moving non-essential communications and commercial papers of a non-urgent nature, because of our inability to let go of yesterday and grab hold of tomorrow.

At the Canada Post Office we're becoming more and more tomorrow oriented. And it's a tomorrow that is causing us to take a long and penetrating look at electronic mail, among other options.

With the introduction of mechanization, we took a first step towards modernization. Our mail sorting productivity has been maintained notwithstanding negotiated settlements which reduced demands made of the individual employee, improved his working conditions dramatically and provided him with good industrial wages and the best fringe benefits in today's labour market.

But as I indicated previously, our volume increases are disappointing and those volumes are more dependent on the business community's transaction mail which comprises two thousand million pieces of first class mail annually. And this is the area which is so significant to us—the transaction mail. And this is the same mail which is being threatened by our labour problems, by our unending strikes and labour disruptions.

The transaction mail came to us essentially because of the fact that we exist and there was a need for a very well-established credit granting and collection system in the country, and they came to us too, I suppose, as another stimulus resulting from the desire of business and industry to automate and computerize.

At the same time as the computer was generating for us a windfall of these pieces of transaction mail, it was equally of benefit to the telecommunication industry because, with the advent of the appropriate software and hardware, information started to be gathered and transmitted from remote locations into central computer systems and, with developments that have taken place over the last decade, into what are now called distributive processing systems.

So, we now have the opportunity for people to talk very glowingly about a cashless society through the advent of Electronic Funds Transfer Systems (EFTS).

Meanwhile the banks have been busily engaged in setting up automated teller positions and changing their procedures around very subtly to get ready for that.

In 1975, the federal government in the persons of the Ministers of Finance, and Communications, issued a statement to the press indicating that it was the desire of the federal government to see a national electronic payment system implemented in Canada as quickly as possible and to that extent it was calling upon three basic committees for implementation of that program.

One committee is made up of non-government people, bankers and their suppliers of computer terminal communications, and the committee is looking at the standards needed to implement such a system—how to go about it and how to integrate it.

There are two other committees, one is a Justice Department-motivated committee which is examining the legal and consumer aspects of these funds transfer systems, and the third is a government-based policy committee which is to look in a little more detail at the kind of legislation that may be necessary to foster all of these things and make them happen.

Now, that's EFTS, and in the Post Office, because of the high percentage of transaction mail that is handled, we've been highly interested in EFTS for a number of years.

And until very recently we had a very coloured opinion of what's going to happen in EFTS because we have been dependent for our information on what we have been reading in the popular press—the dailies and particularly the articles that appear in *The Financial Post*. Every year the *Post* has a supplement on information and other electronic transfer systems and they do a very detailed analysis of what's happening from one year to the next.

The message is: "Before too long you won't have to depend on the mail anymore. You'll be able to make purchases and transfer payments and establish credit and do automatic debiting and all those things via EFTS without having to rely on anything else other than electronic gadgetry."

In the study the Post Office is doing, an information transfer study, we've gone into detail on all of these aspects. The one that was gone into in the greatest detail is EFTS. The study has drawn on the services and expertise of a number of outside consultants to the point where most of the investigative work has been done.

The committee now has two objectives: to take a look at a quantified analysis of the kind of threat posed to future Post Office volumes from technological developments such as those in telecommunications, and come up with an action plan for the Post Office to counter whatever threats are perceived.

What the committee essentially is doing is taking the myths, half truths and intuition as to what an electronic information transfer system is and what it can do, completely out of the picture and synthesizing all of this into hard, provable facts.

It's very much a multi-faceted study and it will eventually produce service-offering recommendations which will be technically and economically sound, as well as being feasible in a marketing research context.

There's a popular myth that's grown out of those newspaper articles I've mentioned: that with all of these wonderful electronic devices, the Post Office is no longer a viable entity and is going to be replaced in the private sector. The telecommunications companies, the banks, all of those people are going to handle the kind of transfers—information transfers—that traditionally the Post Office has handled, a process that, over the last decade, has become, let's say, less reliable than it used to be.

Well, in our study we found that the postal system, and primarily the local distribution part of it, is a national resource that's as well entrenched as the highways, and the telecommunications networks.

It would take an enormous amount of financial as well as human resources, over a long period of time, to replace it. And it would *have* to be replaced, because the one thing the Post Office does that nobody else does is serve all Canadians regardless of where they live and regardless of what they're receiving. Furthermore, because of its mandate, the Post Office may not take into account profitability. Its mandate is to serve. Whether you are sending a letter to someone in the next block or from one end of the country to the other, the cost is the same, twelve cents.

So, we combine the social with the commercial. And that makes us different from anybody else. Doing only some of the things Canada Post Office does, the private carriers are even at that looking at their operation from the point of view of an obligation to their shareholders to come up with a profit. Obviously, they have to be private-enterprise oriented. The Post Office does not.

The carriers will not offer services, in the main, unless there is some equitable rate of return in the form of a percentage of profit decided upon in advance, and therefore, there are gaps in their networks that you could drive a mail truck through. But there aren't any gaps in ours.

That's our strength. More than 8,500 post offices across the country and around 63,000 employees make us the third largest institution in the country, behind only Canadian Pacific, which is a conglomerate involving communication and transportation, and Bell Canada, which is a totally communications-oriented system.

These are the only two organizations that eclipse us in the things that other organizations and businesses measure —assets, revenues and employees—and both are in the transportation end, or in the communications area. So we're in good company. And we're not a johnny-come-lately either. We've been around for a period of time longer than anyone can recall. Really, nobody can point to any given year and say that's when the Post Office came into being. And we're not all that vulnerable, popular opinion to the contrary, because of this unbroken continuity.

However, we're not really happy with the kind of service image we have. We're not happy with the way people, especially the business public, react towards us because of some of the difficulties we're having and the resultant reduction in mail volumes due to those difficulties.

The more talk there is about taking business away from the Post Office or the more talk there is about the Post Office not being able to keep up, then the more the Post Office *won't* be able to provide good service, the more it will suffer from the inability to attract business, attract revenue, and therefore will incur more volume losses.

The only course for any institution as large, as important, and as much a part of the Canadian business and social fabric as the Post Office is growth. Move ahead. There must be no retrenchment. So, as you can gather from my remarks, my motivation is one of growth for the Post Office; stimulus, competition, get in there and do something.

Demonstrate responsibility to the public by improving existing services and providing new ones. Anything but preserving the status quo. If we do that, we'll continue to be the butt of jokes about the way we operate. That is debilitating to us in the marketplace and is demoralizing within the Post Office itself.

We've got to get people thinking positively about the Post Office, and I think we can. It was only after years of preserving the status quo and finding that it would no longer work for the Post Office that it was decided that action, in the form of mechanization, was required. Mail volumes were escalating and people power was no longer adequate to handle them.

Now, the point of the mechanization program is to be able to handle large, heavy volumes of mail. Not individual pieces of mail per se, but to be able to consolidate them and be able to handle them in such a way that arms and legs and backs of human beings are not overly burdened.

If we look into the future, the mail processing system that we have is not going to be a very long-term mainstream approach. Certainly, we're going to need this equipment no matter how long we stay in business. And we're going to have to improve upon it and refine it. The point I'm trying to make is that the mechanization to which I'm referring is very much past-oriented. It has to be looked at in terms of its final implementation representing a no-further-growth situation.

This is because in the future the computer will take a considerable quantity of mail out of our present system. We will take some of it out ourselves. It will be a very logical strategy for us to be able to implement the same kind of services as those in the private sector from an electronic point of view so that we can divert some physical mail into our own electronic services.

Some of the mail we are now handling could lend itself very easily to a computerized EFT system. Funds transfer currently effected by means of conventional mailings by the Federal Department of Supply and Services is one prime example. Bell Canada telephone billings and the standardized billing formats the banks have for credit card accounts are two more.

Recognizing this, I nevertheless do not feel that EFTS is going to arrive overnight. In Canada we have a very conservative financial community founded on a very small number of banks.

The Canadian financial industry prides itself on its stability and part of this stability is the capacity to resist rapid changes. The banks have changed over the years, of course, but gradually, smoothly, and on a planned evolutionary basis.

But when the winds of change do begin to blow in real earnest, it is my confident expectation that the Canada Post Office will be ready to meet them.

The main challenge facing Canada Post in attempting to enter the electronic information transfer sector is to demonstrate clearly that any proposed service will be financially self-sustaining or will meet the public need, or both. In addition, Canada Post must show that there are particular advantages to offering the new services in conjunction with mail service either in terms of cost or accessibility to the public.

I'd like to mention now some of the potential service opportunities we are looking at:

Telepost Plus Service in which the Post Office would expand on its present Telepost service to provide more flexible input capabilities and a much greater variety of features and options.

Network Message Services in which the Post Office would accept messages from all kinds of terminal devices, including the telephone and computer terminals, and not only process them, but store them for later retrieval by addressees at their convenience.

Compatibility Services in which the Post Office, through its own computers, would make possible communication between normally incompatible word processing and other terminals.

Record Services in which the Post Office would prepare volume mailings such as utility billings from information provided by its corporate customers.

Funds Transfer Services in which the Post Office would assist the government in expediting delivery of transfer payments to organizations and individuals, or would accept payments by consumers to businesses over-the-counter.

List Brokerage Services in which the Post Office would store customer mailing lists in its own computers, and provide not only list update and maintenance services, but also search processing, retrieval, and segmenting capability coupled with automatic preparation and mailing of customer-specified messages.

Information Services of various kinds which would be offered to households either directly or through local post offices. A wide variety of services could be considered, including electronic catalogues, national classified advertising, library services, and information on government programs.

Our study group that I've talked about expects to present its report this month or next. So you may expect to be hearing much more about our future plans and how those plans will affect our customers, old and, we hope, new, quite a lot in the months ahead.

The appreciation of the audience was expressed by Mr. Donald H. Carlisle, a Director of The Empire Club of Canada.

JANUARY 12, 1978

Of Myths and Men

AN ADDRESS BY Harold E. Crosby,
PRESIDENT,
CANADIAN CHAMBER OF COMMERCE

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: According to Henry R. Luce, the late editor of *Time* magazine, "Business more than any other occupation is a continual dealing with the future; is a continual calculation; an instinctive exercise in foresight."

The measure of how well a business is doing is generally called success, which has been defined as being comprised of A, B, and C—ability, breaks, and courage. Of these three, the word courage probably has more relevance than the rest: courage to expand, courage to invest, courage to exercise managerial skills and courage to make difficult, albeit correct, decisions.

The problems that face business and businessmen today have never been more difficult—and particularly so because the traditional rules of economic planning seem to have little effect on the business climate—resulting in phenomena which were previously thought to be impossible. For example, rising unemployment coupled with rising inflation, or higher borrowing pressure combined with increased interest rates.

If business must accurately foretell the future in order to survive—the tools for doing this job have been largely not working.

Undoubtedly, one of the factors causing this situation is the increasing activity of the government in the economic system, either through economic management, legislation, regulation, or participation in the form of government-owned and financed corporations.

For years, labour has understood the power of a unified approach—and they have been largely successful in translating their wishes and problems into the law of the land. Business generally has not come to the same understanding. Perhaps business people have been so busy looking after their own enterprises that they have neglected this most important area. Perhaps they are just apathetic. More likely they thought that common sense would eventually prevail.

They are beginning to know better.

Business is beginning to stir, to speak out. Individuals have been doing this for some time through newspaper ads, radio spots, and so on—but there is still not much cohesiveness in the business community as a whole which is, of course, where the Canadian Chamber of Commerce and our guest of honour, Mr. Harold Crosby, come in.

At the Edmonton meeting of the Chamber where he was elected to the presidency last summer, Crosby said, "Given the numerous organizations that claim to speak for special interests including small business, exporters and manufacturers, I am not too optimistic that we can bring everyone together under the same umbrella."

Harold Crosby is a Maritimer, born and raised and educated in Halifax. When he used to go to his own office, it was in the premises of Peat, Marwick, Mitchell and Company in that city.

He has always been interested in business as a whole and he is a past president of the Institute of Chartered Accountants of Nova Scotia, past member of the Canadian Institute of Chartered Accountants and has been active on the Municipal Development Plan Committee of Halifax City Council, the Halifax Housing Authority, the finance committee of the University of King's College, treasurer of the Halifax Grammar School, in addition to being a past president of the Halifax Board of Trade and past chairman of the Canadian Chamber's Atlantic Provinces' Regional Committee.

As president of the Chamber, he leads 126,000 members, of which more than half is made up of businesses which employ less than two hundred people—surely the heart and lifeblood of our system.

"We must have a return of confidence within the private sector," he says, "so that businessmen can invest in anticipation of a reasonable rate of return on their investments."

Obviously, the Chamber intends to take a high profile in the national debate—which is a policy decision long awaited by business. "We will be a relevant force," Crosby has been quoted as saying and there is certainly a good deal to be relevant about these days

When George Hees was the cabinet minister responsible for Canadian business—in those days long ago—he used to wear a tie pin with these letters emblazoned across it, "Y.C.D.B.S.O.Y.A." Apparently, Mr. Hees used to sit at meetings waiting for a "straight man" to ask him what the letters stood for. When the question finally came, Hees used to boom for all in the room to hear, "You can't do business sitting on your ass."

We may not agree with the language, but there are few in this room who would not agree with the sentiment or in the need for it to be expressed. It is, therefore, a pleasure for me to introduce to you the president of the Canadian Chamber of Commerce, Mr. Harold E. Crosby, F.C.A., who will address us under the title, "Of Myths and Men".

MR. CROSBY:

Mr. Chairman, ladies and gentlemen: It is not only a pleasure and an honour to be asked to address this distinguished group, but also very much of a challenge.

When I received your invitation to speak here, I gave much thought to selecting a topic on which to base my address. The topic which I have selected is one of general interest and one that I believe we can profitably share, that is, public myths and misconceptions about business and economics.

False beliefs about business and economics can lead to unrealistic wage expectations, thus damaging competitiveness; to hostility and conflict in labour relations, thus harming productivity; to unrealistic demands for public services, thus creating an unduly high level of taxation and placing an undue burden on the productive sector of the economy; and to pressure for government regulation that is not always appropriate to the best functioning of the economy.

In my remarks today I want to review some of the myths and misconceptions that are prevalent in our society concerning business and economics, and to indicate some general approaches to possible cures and remedies. Before doing this, however, there is an important preliminary point that needs to be made.

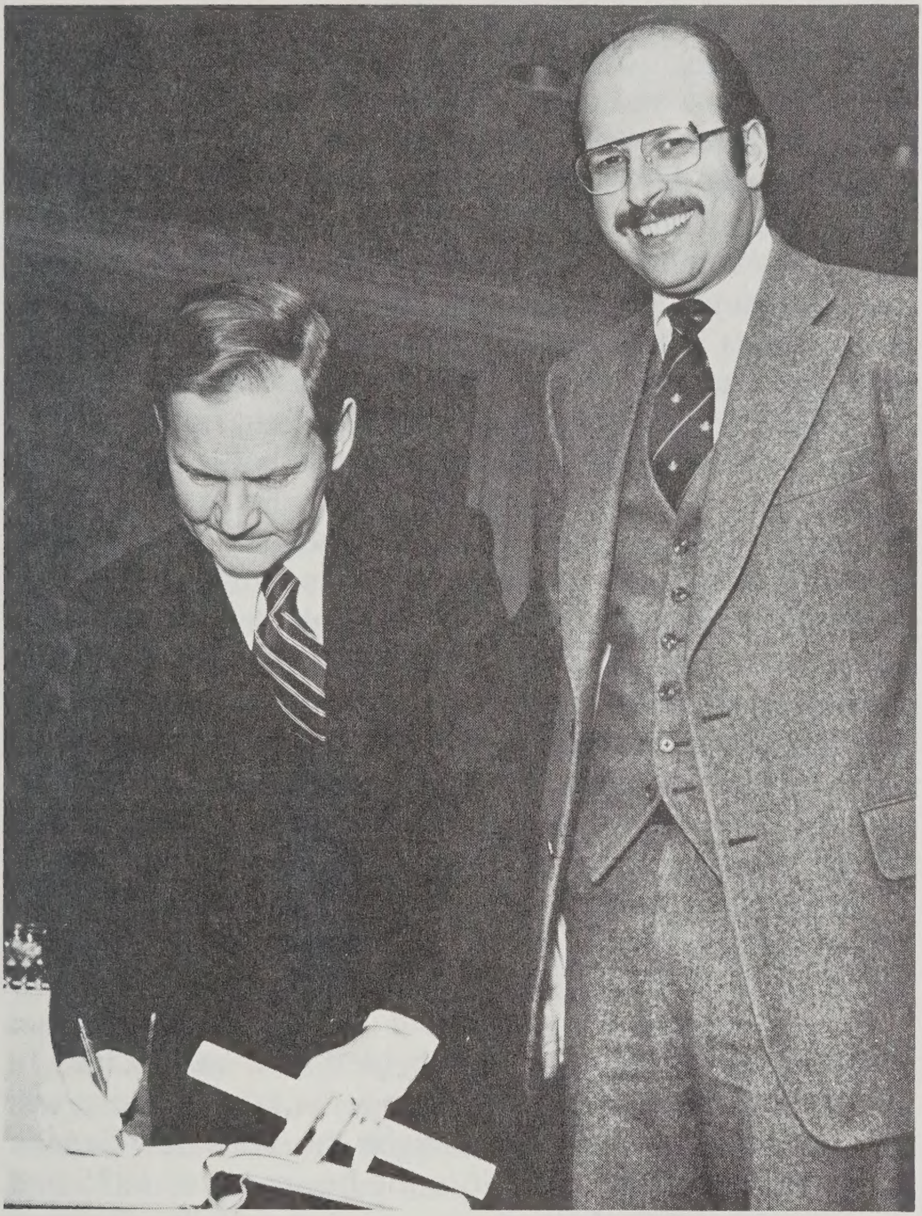
Myths and misconceptions of fact are not the only source of negative attitudes towards business. In some cases the facts are not in dispute, but the facts are unpalatable or repugnant, and cause negative public attitudes. An example would be a conviction for conspiracy to fix prices or to rig bids. Here we are dealing, not with an incorrect perception of reality, but with a reality that needs to be changed.

It is obviously not enough to pursue a good image. It is also necessary to ensure that we as business people do not act in a manner which is contrary to the law of the land or incompatible with the current values of society.

The point is well illustrated by the story of the man who spent $500 to cure his bad breath, only to discover that nobody liked him anyway.

Improvement of business performance might be said to be an attempt to win men's hearts, while dispelling myths is a battle for men's minds. The two are not unrelated, since false beliefs can cause bad emotional attitudes.

The area of social responsibility of business is a large,



Harold Crosby signs the Guest Book before speaking to the club.

complex and vital one, but it is another story. Today I will focus on the battle for men's minds, and leave the other side of the coin for another occasion.

To fight the battle for men's minds, it is necessary to become aware in detail of the nature of the myths and misconceptions and to have statistical and logical weapons ready, both for attack and counter-attack.

Let us take just a few minutes to survey some of these myths.

The first myth that needs our attention—and perhaps the most fundamental one—is that business corporations make large profits which accrue primarily for the benefit of managers and owners, while workers, customers, suppliers, the government, and the general public get "ripped off".

One of the Chamber's weapons in the battle against this myth is an analysis produced by Dr. D. E. Armstrong, an economist and professor of management at McGill. This analysis, covering the period from the end of World War II to 1974, compares trends in real labour incomes with trends in real returns to holders of Canadian equities. The study monitored a portfolio of 114 stocks used by Statscan as an index, and measured dividends plus net capital gains made by shareholders. On the labour side, the calculation included only money wages; improved fringe benefits and shorter working hours were not taken into account.

The analysis showed that real wages had almost doubled in the post-war period, while real returns to investors declined to the vanishing point.

In the twenty-eight years from 1947 to 1974, the real average rate of return to shareholders was only 6.2%. In the last thirteen years of that period, the rate of return was only 2.63%. Anyone who bought the Statistics Canada portfolio in 1965 and held it to the beginning of 1975 had a negative real rate of return.

Dr. Armstrong's analysis, devastating as it is, really understates the gains made by labour.

While real wages in manufacturing almost doubled in the post-war period from 1945 to 1974, the average work week shrank from 44.1 hours to 40 hours. In addition, fringe benefits for all industry have increased from 15% of payroll in 1953 to over 30% in 1975, according to an estimate by Thorne Riddell.

Recently, Dr. Armstrong made another study of returns to investors, based on the performance of the Toronto Stock Exchange "300" from 1956 to 1977, and confirmed his findings that real returns to investors have virtually disappeared.

As you might expect, that segment of the public which is not pro-business, and which believes in myths, reacts to these analyses and attempts to dispute the results. What are some of these reactions, and what are the answers we give?

Reaction Number One

If things are that bad for investors, why would they put money into stocks when they can get 9% or so without risk in a Canada Savings Bond?

The answer to that one is that investors are *not* putting their money into stocks. 95% of new external corporate cash requirements are currently being raised by debt financing rather than equity financing.

Reaction Number Two

The Armstrong analysis is faulty in that it compares wages with returns to investors, when it should be comparing wages and profits.

Our answer is that profits are not a share of the pie in the same sense that wages are. Wages are received in the worker's hand and can be spent immediately. Profit does not mean much to investors until they get a piece of it in the form of a dividend. True, a large new undistributed profit could theoretically increase the value of the shares, but this is by no means an automatic result. As a result of any number of circumstances, the shareholder may never receive any benefit, either in the form of a dividend or in the form of appreciation of the value of his shares.

Reaction Number Three

Since corporations rip off the public for 40% profit on each sales dollar, how is it that the investor gets such a low rate of return?

The fact is that the average after-tax profit for industrial firms as a percentage of sales is less than 5%. From 1962 to 1976, the average was 4.3%. Opinion surveys show that people believe the rate to be much higher, as high as 40% or more.

Reaction Number Four

If the benefit of corporate activity is not passing to investors, it must be going to fatten up executive and management salaries.

A comprehensive survey by Hay Associates, analyzing the real after-tax change in position for executives from the rank of foreman to chief executive, shows that while lower levels of managers have had some real increase in income, senior executives suffered a decline in real income of 15% in the short space of ten years—from 1965 to 1975.

Reaction Number Five

So the equity market is not doing so well; it doesn't concern me.

Wrong! For one thing, workers through their pension plans and life insurance investments are now major holders of equities, and as such have a vital stake in the health of the capital markets. Also, workers can be very much affected if investment dries up to the point where new jobs are not being created.

In spite of the foregoing reactions, we still say that the Armstrong Analysis proves beyond all shadow of a doubt that the corporate rip-off is a myth. The chief beneficiaries of corporate activity have been labour, through real gains in income, and government through its tax share.

This myth about how the corporate pie is shared is often associated with a personified image of a corporation—especially the big corporation—as a "bad guy", a rip-off artist who deserves hatred and contempt. Through the process of personification, the corporation acquires human attributes that arouse emotional responses. I do not doubt that there are men who hate big corporations more passionately than they love their wives.

A way must be found to convince people that a corporation is only a legal entity—that it does not live or breathe—that it can't eat roast beef at Ed's Warehouse; that the reality behind a corporation is nothing more than people—workers, managers, shareholders, suppliers and customers, and that corporate activity should be judged by the impact of that activity on all of these people and on society at large.

Another myth that needs attention is the belief that excessive concentration of corporate power is eliminating competition, and that as a result the consumer is being ripped off and the economy is being damaged.

One aspect of this myth is the belief that several large companies, by virtue of holding a large share of the market, necessarily exercise undue dominance and control of the market. Take, for instance, the "big three" auto-makers, who share 70% of the Canadian market. The fact is that there are more than twenty different automobile manufacturers in the Canadian market, and there is no law that says people have to buy 70% of their cars from the big three. There is also no guarantee that the big three will win 70% of the "consumer vote" in any given year.

By the same token, the auto manufacturers cannot impose their models upon an unwilling consumer public. Recent experience has included a fundamental and radical change in model production, as a response to consumer preference for smaller and more economical cars such as those offered by several "non-big three" companies. This particular example contradicts the thesis that the smaller firms, by virtue of their size, are not really competitive and cannot act as a check on the power of the so-called "dominant" companies.

There appears to be a tendency, on the part of critics of business, when speaking of concentration, to employ total Canadian production as a yardstick for purposes of comparison; in so doing, they choose to ignore or to minimize the significant impact of foreign competition, both actual and potential, and of competition from other products.

Residential steel siding, for instance, is produced by an industry where two companies account for 80 per cent of Canadian production. The reality, however, is that many other products, both domestic and foreign, can be substituted for steel siding: asbestos, aluminum, wood, brick, plastic, stone, glass, concrete and fiberglass.

The Canadian market is exposed to competition at almost every point. The impact of import competition is affected by geography, transportation, legal and business regulations and conditions, "spill-over" advertising, and so on. To imply that a Canadian manufacturer, no matter how large, only competes against other Canadian manufacturers is simply naive. The relative size and the relative degree of concentration, therefore, must be measured against the background of a global market.

In many industries, especially high-technology industries that have been singled out by government as being highly desirable for Canada, a certain minimum scale is required to support the on-going research and development necessary to the maintenance of a world competitive position. This minimum scale may appear large, or may result in an apparently high degree of concentration in a Canadian framework, but it must be evaluated in terms of a company's or industry's ability to compete against imports from larger international companies and, as well, in the export field.

In the Chamber's brief to the Bryce Commission, we said that *total* concentration—the relative importance of the largest companies in relation to all companies sharing the

Canadian market—had declined. According to the government's own published statistics, the hundred largest companies in 1933 accounted for 65 per cent of the total capital of all companies. By 1965, this had declined to about 38 per cent of total capital.

As for *industry* concentration—the domestic importance of the largest firms in each Canadian industry—we said such concentration is the rule and not the exception in Canada, and everywhere else except where there is a state monopoly; that there has always been a trend toward concentration; that in spite of this the amount of choice to the consumer and the amount of competition among competing brands has remained surprisingly constant. The Chamber's view is that this trend is natural, inevitable and usually beneficial.

The trend towards greater industry concentration does not appear to have done us any harm. The Canadian economic system has certainly worked well in bringing down the real cost of products in terms of the length of time an average worker must work in order to pay for one unit of the product. In our brief to the Bryce Commission, we challenged critics to name a single commodity, the real cost of which has not fallen dramatically over time.

The achievement of lower real costs of products has not been at the expense of quality. Automobile tires are safer and last longer. Upholstery fabrics last longer, and are easier to keep clean. The quality of music that can be reproduced in the home has improved steadily.

Another myth that needs to be dealt with is the belief that the rich are getting richer and the poor poorer.

Until fairly recently, official statistics, based on annual survey data, tended to show that the percentage of money income going to the poor—say the poorest one-fifth of the population—was staying pretty well constant, with no tendency for the money gap between the rich and the poor to be narrowed.

In September 1975, U.S. economist Professor Morton

Paglin produced a sophisticated study based on a comparison of *lifetime* incomes rather than *annual* incomes, and concluded that there has been an important redistribution of the money income pie from rich families to poor families.

A Canadian study was undertaken by Dr. Armstrong and professors Friesen and Miller at McGill, to see whether the Paglin analysis applied in Canada, and they concluded that it did. The reduction of income inequality of lifetime earnings from 1951 to 1975 was found to be at least 10%, but more likely of the order of 20%.

In the area of trends in redistribution of wealth, as opposed to income, Professor Armstrong and his colleagues calculated that when the net worth and asset value of government and private pensions are taken into account, inequality of the distribution of assets declined about 24% from 1964 to 1970.

While there are many other myths circulating in our society, I will mention just one more—the myth of the golden past—the belief that everything was better in the good old days. In sentimentalizing the past, people forget that in the good old days real wages were lower, working conditions were poorer, clothing was itchier, there was no anesthetic for surgery and not many people washed. The image of the craftsman fulfilling his creative powers by building a complete product all by himself applied only in a tiny fraction of cases. The great majority spent their time pounding, hacking, hewing, hammering, carting, chipping, chopping, and flailing, and then retiring to an early grave.

I have spent some time talking about the myths and misconceptions about business and economics. The question at this point is, what can we do to correct the situation? What can you do? And what can I do?

There are several courses of action which come to mind.

One approach that might be tried would be to draw all businesses in Canada together in a massive communication program and flood the public with information on the business side of the story concerning these misunderstandings.

It appears doubtful that such a campaign will ever be launched, because of the massive organization job and huge amounts of money that would be required.

A second approach might be to direct our efforts toward the young people of the country while they are in elementary and secondary school, to try and ensure that by the time they enter the work force they will have had these myths dispelled. A few years ago, the Canadian Chamber, along with certain other organizations, was a co-founder of the Canadian Foundation for Economic Education. This foundation is, within the limits of the resources available to it, doing a good job in the time-consuming task of economic education. There is no doubt that these efforts will, in the long term, do much good. However, in my view, we cannot afford to wait to get the general public better informed.

A third approach, and the one that appears to me to be the most promising, is communication with employees in the work place. In my view, this is a program that is manageable and can prove most effective. There are a number of reasons for this.

1. The huge job of reaching people could be brought within the realm of practical cost feasibility.
2. The task of providing specific facts and figures would be facilitated. Individual companies could, for instance, develop their own hard data as to real gains in wages and fringe benefits, improvements in working conditions, decline in the real cost of its products to consumers, and so on.
3. Away from the work place, there is competition for the attention of the employee from TV football games and other attractions. In the work place, the only competition is from work, and this is under the control of the employer.
4. The work place provides the possibility of communication on a *regular* basis.

A major obstacle to good communications with employees is the militant union which objects to direct communications between the company and its employees. The union bosses want all communications channelled through them, ostensibly to ensure that the company will not put one over on the employees or do any "brainwashing".

All we can say about this difficulty is that it makes our job ten times harder. Perhaps one day there will be a human relations policy advocate, who will have power to investigate a union and bring it before a human relations board on a charge of pursuing policies that restrain growth of friendly relations between employer and employee, to the detriment of the general public.

In the meantime, it is just one more difficulty to add to the many others we must face.

The end result which we are really trying to achieve is to change public attitudes toward our market economy system. Public attitudes do influence government policy. It is government policy that establishes the framework within which we operate and which will determine the direction of the economy of this country.

With our present economic problems of high unemployment, a high rate of inflation, international monetary deficits, and so on, people are concerned about the future. Employees are concerned about their jobs, and about the creation of new jobs to absorb the growing numbers of young people reaching the age at which they would normally enter the work force. Employees are concerned about whether their pensions will be adequate to maintain them when they reach retirement age.

Perhaps there is no better time than now to embark upon a communications program with our employees to tell them the story of how the economy really operates.

If we are to embark upon an internal communications program, we must be prepared to work hard at it, and to conduct it in a professional manner. We must also recognize that good communication is a two-way street, and be prepared to listen as well as to talk. It is vital that our statements have the highest possible credibility. We are dealing with people who don't quite trust us, and who will tend to receive our statements with large grains of salt. We must ensure that our communications are totally truthful, that our reasoning is flawless, that our statistics are accurate, based on unbiased methodology and not presented in a misleading manner.

Most of all, we must avoid simplistic approaches that breed scepticism. If we say, for instance, that we must get rid of government control and regulation of business, nobody will pay any attention. But if we can say that this particular law or regulation is detrimental to the health of a particular industry or to the economy generally, and therefore will have an impact on future jobs, we may get a hearing.

There clearly is a need for those of us who believe in a free market economy, and who want to see it preserved, to take action to dispel these myths and misconceptions about business and economics. Each of us does have an opportunity to put in place a communications program within our own company. The challenge is there and we must seize it.

In contemplating the kind of effort that lies before us, I think we have to bear in mind that as we go along, there will be many defeats, but there are also victories waiting to be won. As William James put it:

A shipwrecked sailor, buried on this coast,
  bids you set sail.
For many a gallant bark, when we were lost,
  weathered the gale.

The appreciation of the audience was expressed by Mr. Robert L. Armstrong, a Past President of The Empire Club of Canada.

JANUARY 17, 1978

Past President's Dinner

GUEST OF HONOUR William M. Karn

CHAIRMAN The President,
Peter Hermant

PROGRAMME
Royal Salute

Grace
Allan Leal, Q.C., LL.D.,
Past President, The Empire Club of Canada

TOASTS
The Queen
The Chairman

Greetings on behalf of Her Majesty Queen Elizabeth II,
The Honourable Pauline McGibbon, O.C., B.A., LL.D.,
D.U., D.Hum.L., B.A.A.(Theatre), Hon. F.R.C.P.S.(C).
Lieutenant Governor of Ontario

Canada and the Commonwealth
Sydney Hermant, Esquire
Past President, The Empire Club of Canada

Response
Charles C. Hoffman, Esquire
3rd Vice-President, The Empire Club of Canada

The Empire Club of Canada
Brigadier General Reginald W. Lewis, C.D.,
1st Vice-President, The Empire Club of Canada

Response
Major-General Bruce J. Legge, C.M.M., C.St.J., E.D., C.D., Q.C.
President, Empire Club Foundation

Presentation to the Guest of Honour
The Chairman

Impromptu Toast
Harold V. Cranfield, M.D., F.R.C.P.(C)
Past President, The Empire Club of Canada

National Anthem

MR. HERMANT:

Ladies and gentlemen: The honour of being president of the Empire Club is one that is not taken lightly or without trepidation. I imagine every president has feelings of misgiving as to whether or not the job can be fulfilled to the standard that history demands.

The man whom we are honouring this evening must have felt the weight of Empire Club tradition particularly since his life schedule was markedly changed by events.

In his own words, "When I originally agreed to act as Third Vice-President, I felt I would have three years during which to prepare for the presidency—but this was not to be. Those of you who know Mr. Robert Armstrong realize that while you may refuse him once, you cannot refuse him twice."

So Bill Karn found himself in the presidency before he felt really ready—but fortunately Bill Karn is a very organized and capable person. As a matter of fact, he has a motto which is, "If it's going to be done—it's going to be done right."

It is now a matter of record that Bill Karn's year was an outstanding one and a large part of the success of the club stems from Bill's personality and talent.

There are numerous examples of how Bill Karn can handle the unexpected and the difficult.

For example, on one occasion, Bill's company, Erco Industries, had a shipment to be exported out of New York where there are very strict regulations and a very strong dock workers' union. The product (phosphorous sesquisulfide) was shipped in drums which began to leak. Unfortunately, this particular product has a terrible odour and because of the smell coming from the leaking drums, the dock workers refused to move them. The man of the hour, Bill Karn, was sent down to New York to personally solve the problem. The dock workers were presented with a free case of beer and the drums were moved.

Bill is also a fellow who believes in following instructions and doing things in a systematic and orderly way—he's not liable to be caught having assembled the outside of the bottle while forgetting to insert the ship.

The story is told that when Bill and Elfrida were first married and living in Buckingham, Quebec, they invited some of Bill's co-workers for dinner. Elfrida cooked a turkey and put it on the table for Bill to carve. Bill had never carved a turkey before so he brought out a book, "How to Carve a Turkey", and then proceeded to read the instructions and carve the turkey successfully.

I might say that Bill isn't totally successful when dealing with some of these more treacherous problems. For example, the beavers under his dock at Lake Rosseau are still undefeated.

Suffice it to say that Bill Karn's year as Empire Club president was a reflection of Bill's organizing and motivational talents, the prime example of which were the outstanding range of speakers which the club presented and the extraordinary achievement of having the yearbook completed prior to the first meeting of the following season.

It goes without saying, then, that Bill Karn is a truly outstanding and unique person—but not quite so unique as you might imagine.

On a recent trip to Brazil, Bill made the mistake of having his shoes shined early in the morning by an extraordinarily light fingered and talented shoeshine boy who managed to detach Bill from his travellers' cheques, representing nearly all the money he had with him at the time and leaving him with a negligible amount of cash.

Since this was during the weekend, he had to borrow money from his customers and on Monday morning when he went to get the travellers' cheques reimbursed in Brazil the agency there wired his home office for not only verification of his credentials but also a physical description of Bill Karn. Now that must have been a telex worth reading.

Ladies and gentlemen, fortunately it's not necessary for me to have to physically describe Bill Karn—he's easily recognized in this room as the 74th president of the Empire Club and it is a pleasure for me to present to him, on behalf of the Board of Directors and the membership of the club, this tray which is suitably inscribed "Presented to William M. Karn by The Empire Club of Canada, 1976-1977", and with it our sincere appreciation for a job not only well but exceptionally well done.

MR. KARN:

Mr. President, Your Honour, and fellow members of The Empire Club of Canada: That very kind and all too generous introduction, for which I thank our Chairman most sincerely, indicates that for tonight, caution has been thrown to the cold wintry winds. While listening to Peter, I was recalling the admonition given by Ulysses to Tydide Diomed prior to their joint reconnoitre of the Trojan camp, as written in Homer's Iliad; and I quote from Bryant's translation: "Tydide, praise me not too much, nor blame me, for thou speakest to the Greeks who know me."

It is most gratifying to see such a large number of friends at this gathering of the clan—Empire Club pillars, every one. May I thank in particular Her Honour Lieutenant

Governor Pauline McGibbon and Mr. McGibbon for honouring us on this festive occasion.

Another pillar present in spirit, from whom I wish to bring greetings, is Past President Harold Lawson. It was he who brought me into this great club and later invited me to become a Director. I am happy to report that Harold is making good recovery from the stroke which he suffered one year ago, but he felt that it would be another year before he could consider attending our dinner.

Mr. President, I feel greatly honoured to be receiving this very attractive silver tray which you have presented on behalf of The Empire Club of Canada, and I am most appreciative of your warm expression of gratitude. To have been requested to serve as your President was an honour, a privilege and an experience which is difficult to describe. Because I was anxious to avoid making too many mistakes, I may have bothered several Directors and Past Presidents rather frequently seeking opinions and advice. But all of you were understanding and generous in your wise counsel, and I thank you for your forbearance. Together with the support of the membership at large we accomplished another milestone in our record of service to this community and to our country.

As you know, Mr. President, 1978 is the year of the horse in the Chinese calendar. Could this tray be considered my sterling silver pass to that exclusive paddock where my illustrious predecessors have entered? But this stable of talent is not grazing quietly. Every one of them continues to rise to new challenges year after year. Paraphrasing from Virgil: "They are piling Pelion on Ossa."

On a more serious note, this club, with its roots strongly nourished by our Anglo-Saxon heritage since 1903, has played a very significant and honourable roll in the development of our nation. Today, perhaps more than ever before, we have an obligation to be even more mindful of our objectives, in order that our forum may continue to be recognized as an authoritative platform from which views of all parties may be expressed on critical contemporary issues and reported fairly by the news media.

Divisive forces which threaten to fracture our country into embittered segments must be heard, studied, and challenged with all the reason and understanding at our command. I wonder if Queen Elizabeth II was thinking of Canada during her Christmas message to the Commonwealth, when she expressed the hope that the Christmas spirit of reconciliation might burn as strongly in our hearts during 1978 as during her Silver Jubilee year. How fortunate we would be if some member of our Royal Family were able to celebrate our 75th Anniversary with us in Toronto.

In closing, may I quote pearls of wisdom expressed by a Past Honorary President, General, the Rt. Hon. Georges P. Vanier, P.C., D.S.O., M C., C.D., in his address to Canada on New Year's Day in 1967.

> The measure of our unity has been the measure of our success . . . If we imagine that we can now go our separate ways within our country; if we think that selfish interests can now take precedence over the national good; if we exaggerate our differences or revel in contention; if we do any of these things we will promote our own destruction . . .
>
> No message is more badly needed than the one our unity can supply, the lesson that diversity need not be the cause for conflict but, on the contrary, may lead to richer and nobler living . . .
>
> Let us open the windows and the doors of the provinces. Let us look over the walls and see what is on the other side. Let us know one another; and that will lead to understanding . . . We cannot run the risk of this great country falling into pieces.

Since those remarks were uttered it is now the eleventh year. Let us hope it is not the eleventh hour.

JANUARY 19, 1978

Now is not Too Late

AN ADDRESS BY Walter Pitman,
PRESIDENT,
RYERSON POLYTECHNICAL INSTITUTE

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: Our guest of honour today, Walter George Pitman, is an educator. As a matter of fact, he has spent his whole life in education as a student, as a teacher, and as an administrator.

He started his career at Keele Street Public School here in Toronto, continued it at Humberside Collegiate and Trinity College, University of Toronto. He changed roles and became a teacher at Bathurst Heights Collegiate, Kenner Collegiate and Vocational Institute in Peterborough, Langstaff Secondary School and, finally, Trent University, where his administrative talents came to the fore and were recognized for the first time. He is now at Ryerson Polytechnical Institute.

However, running throughout Walter Pitman's academic pursuits has been a political strain which is not surprising since, according to William Lyon Mackenzie, quoted in the *Colonial Advocate* of June 27, 1833, "The man who says he is no politician is either ignorant of what he is saying, or a contemptible selfish creature unworthy of the country or the community of which he is a part."

Probably as a result of this, Mr. Pitman represented Peterborough in Ottawa from 1960 to 1962 and at the Ontario Legislature from 1967 to 1971.

It was during his tenure at Queen's Park that he first came largely to public prominence, since he soon became the education critic and deputy leader of the New Democratic Party and when Donald MacDonald retired from the leadership of the party, Pitman became a candidate.

"I'm exhilarated," he was quoted as saying by *The Globe and Mail* about that candidacy. "Even if I don't win, it will have been a worthwhile experience—political power is not my only form of self-realization."

Obviously not—since he now leads one of the country's most progressive and newest full-fledged universities.

But politics are still not far in the background and last summer Pitman was again approached to run for the leadership of the N.D.P.

"Maybe the present penchant for nostalgia has now entered politics," he joked in *The Star*. But on a more serious note and one that is entirely characteristic of him, he also said, "The commitment that I have goes beyond the contract. There are all kinds of faculty, students and staff to whom I owe something. I have had a tremendous measure of assistance and support from them. Nothing would allow me to leave Ryerson with integrity."

Walter Pitman has always been a committed person, which is undoubtedly why on January 11th last year he was appointed by Metro Toronto Chairman, Paul Godfrey, to be a one-man task force to probe the issue of racism in Metropolitan Toronto.

In accepting the challenge, he admitted immediately that he had more questions than answers and realized that the problems he would have to wrestle with would be enormous. But then he was the inter-collegiate 135 pound wrestling champion in 1951-52!

"For God's sake," he said in a *Star* article, "let's find out what we're faced with and not let it escalate. The time to address the problem is before it becomes pervasive, before too many people are infected and before the need for retaliation and private vigilante actions."

There is no doubt that there is the possibility for prejudice and racial tension in a complex and diverse society such as exists in Toronto. With 54 identifiable ethnic groups, this city has one of the most disparate populations in the world—a fact which is further complicated by that ancient Hebrew proverb which reads, "Opinions founded on prejudice are always sustained with the greatest violence."

Close to a year after taking over on his assignment, Walter Pitman reported his findings to the Metropolitan Chairman—causing the predictable variety and intensity of reaction.

But I am not going to dwell on that aspect of his report, because I am hoping that he will. It is a pleasure for me to introduce to you the president of Ryerson Polytechnical Institute, Mr. Walter G. Pitman, who will address us under the title, "Now is not Too Late".

Mr. Pitman.

MR. PITMAN:

Ladies and gentlemen: Today I want to examine with you the nature of this country and in doing so reach back into the era of empire honoured weekly by the continued activity of this organization. It is by better understanding our beginning that we can recognize the kind of nation which was created in the eighteenth and nineteenth centuries and it is particularly important that we understand the empire from which it emerged.

It is not necessary for me to remind this audience that in the last years of the eighteenth century those people whom we have honoured by the title "Loyalist" came from the United States to form one of the charter peoples who have moulded this new land. They came not to be something different than they were, for they brought with them all the traditions of freedom, initiative and expectation of opportunity that they had felt was part of the American heritage. The American Revolution, as one historian has indicated,

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EMPIRE

Walter Pitman,
President,
Ryerson Polytechnical
Institute

"produced a nation and a non-nation". When the Loyalists came to form a non-nation, they sought some identity in which to clothe themselves. They were in a sense "anti-American Yankees" but they soon adopted the identity of being British—not Canadian, but British.

It is sobering to realize that the first English-speaking people who came to this land did not come to erect a new nation but rather to retain a loyalty to the Crown, the flag, the governmental system of another nation. Indeed all the great events of our history during the nineteenth and twentieth centuries focused on the British Empire. The war of 1812 demonstrated our intensity of loyalty to the United Kingdom. In Confederation the people of this country fulfilled a dream of creating a united group of British North American colonies and World War I and World War II demonstrated their allegiance to the Crown and their commitment to the survival of that mother country.

The essential point is that one of the founding peoples of this nation did not seek to establish a new identity but rather to establish a basis on which individuals could express their identity within the reality of a new North American nation.

This element of diversity was celebrated further in the relationship between the representatives of that empire and those who were conquered on the Plains of Abraham. The relationship was not characterized by a demand that they should give up their traditions, religious loyalties and their culture. Indeed the relationship was not between a dominant and a submissive people. In 1763 there *was* the expectation that assimilation could be achieved but very soon it became apparent that this would not be possible. Within ten or eleven years, on a new basis of relationship called the Quebec Act, there was a recognition that the religion and the laws and traditions of the French-speaking people of this country should be respected and should be accepted as valid. It may very well be that the main reason was the hope of their military support against those disloyal colonists already planning an American Revolution to the south—but accepted it was, and these newly won rights and privileges were incorporated within another twenty years in the Canada Act. Subsequent changes in our relationship between the English-speaking and the French-speaking of this country at the time of union in 1841 and Confederation in the 1860s have further extended the expectations of the French-Canadian citizens of this nation. Unfortunately we have not properly articulated all the implications of this relationship. In fact, those who had been a *conquered* people were to be treated as *equal* partners in the development of this land. Just as the Loyalist came to the St. Lawrence Valley to be British, so the French-Canadian was given the right to be French in language, Catholic in religion and different in law and custom.

During the nineteenth century we invited a great many other people to share with us the bounty of this land. They came largely from eastern and southern Europe and filled the west in particular with people who would provide food for a developing industrial state. We didn't invite them to the land and ask them to give up their songs, their dances, their food and customs, rather we invited them to become part of a Canadian mosaic, a country in which individuals by *being Canadian* could express their traditions and their backgrounds. Whereas the American ideal was one of "melting pot", Canada by its original definition promised variety and pluralism. And the same invitation was extended in the 1940s and 50s, and the nature of Canada changed dramatically and irretrievably.

Somehow or other we have not been able to provide one of our charter peoples, the French-Canadian, with the belief that they can in fact fulfil themselves within this union, and recently we have been unable to indicate to those who have come that they can live in peace and security in this country, be Canadian and retain the colour and excitement of their own culture and traditions. This failure has come to focus in the last number of months in the City of Toronto where people whose roots are in the South Asian community believe themselves no longer welcome in this city. A series of serious assaults on the subways surfaced these problems, but the issues had been smoldering for many years.

The seeds of our latest troubles can be found in the 1960s when the government changed the immigration policy of this country and in so doing made a commitment to a multiracial as well as a multicultural nation. This commitment was never fully explained and the implications were never fully outlined. And that may very well be the basic cause for the surfacing of racist violence in the streets and subways of our city.

In the absence of this explanation or conditioning, a kind of cultural shock affected the host community. Individuals in Toronto did not know why they found so many people with different coloured skins on the bus, subway, in the public parks. There was no understanding that this change in immigration regulations had encouraged a large number of able and skilled people to come from the Caribbean. It also extended the invitation to a group of people who lived in many countries but whose roots lay in South Asia. Many of them had brown skins, wore colourful clothing, prepared spicy food, wore turbans, and in general behaved in ways which contrasted with the expectations of those who perceived western ways as universal, superior and unchallengingly Canadian. This phenomenon shocked those who had no idea that changes in their world had taken place and the global village which they had heard so much about had suddenly imposed itself upon them. Toronto instead of being dominantly Anglo-Saxon had become diluted by the immigrant surge after World War II and was now not only multicultural, but multiracial. By the 1970's every Torontonian was a member of a minority group, visible or not.

Certainly economic conditions which we have endured over the past number of years did not assist the accommodation of people of different colours, traditions and backgrounds. Many saw them as those who were taking the jobs which rightly belonged to other Canadians—the fact that the unemployment and the realities of immigration had little relationship at all was ignored. A strange kind of irony arose as there were critics who were claiming that immigrants were collecting welfare and consuming taxpayers' money at the same time as they were taking the jobs from other Canadians, scarcely a situation which was possible under the welfare or unemployment insurance regulations. However, in 1976 and 1977 it was plain that the South Asian community had become the victim minority in Toronto and it was to this minority that a Task Force on Human Relations, set up by Chairman of Metro Council, Paul Godfrey, addressed itself from February to November of last year.

The Task Force did find a disconcerting degree of racial tension emanating from a good deal of racial prejudice expressing itself in Toronto in many different ways. Although the media has tended to focus on the more brutal forms of violence, the physical assault, there were other forms of attack which were equally worrying. The amount of vandalism against the homes and property of South Asians, the name calling, the "hassling", the general existence of an atmosphere in which these people felt unwelcome and unwanted. It was this atmosphere which allowed the hoodlum element to express its hostility through beatings and through overt assaults on subway platforms and to that extent we are all involved. One of the most exasperating forms of violence is the "Paki" joke. It is not, I suggest, a variation on the Newfie and Polish joke, as mindless and denigrating as those forms of humour sometimes are. These racist stories seem obsessed with death, disaster and violence and contribute to a perception of South-Asian people which is positively dehumanizing.

Certainly the attention of the Task Force was focused on the police simply because it was dealing with race and violence and the police must cope with violence wherever it exists whether in the subway or whether in the neighbourhood plaza or the school yard, or in the home of the victim minority. We did not accuse the police of being racially prejudiced or bigoted; far from it, the report indicates our sympathy with the police in the problems which they have and the fact that they themselves are a visible and victim minority, victims of name calling, insults and on occasion, physical violence. Nevertheless we did find major gaps between the expectations of those who were suffering and the services which were being provided to protect them. Part of this gap was a result of the lack of information about policing in Canada and the ability of the police to deal with such matters as name calling and vandalism. The fact is that the police, along with the rest of us, had very little understanding of the background of those whom they were trying to serve.

The Task Force took a look at the settlement services and found that in spite of the direct intervention of all three levels of government, federal, provincial and municipal, there was not an effective network which served each and every immigrant, providing them with information and with support services in the early months, easing the new immigrant into the life and activity of our society. We agreed with the Robarts Commission that these services should be co-ordinated and funded under Metro Toronto's Council. With effective services, immigrants can be made very soon to feel at home and at ease and be given the necessary assistance in finding jobs and finding homes, but most of all given information allowing an understanding of the community in which they live.

The Task Force looked at the schools and found that for all the goodwill and hard work of those who were already producing multicultural programs, the direct issue of racism had not been addressed. We found a need to accept the reality of racism within the classroom and within the playground where it too often existed. We found young people who were hurting, who were being called names and being roughed about as they went from school to home and we found that teachers did not have many tools at their disposal to cope with these situations. Obviously what was needed was a major effort to provide teacher training, to provide curriculum change, to provide a completely different atmosphere in which young people may learn, recognizing as well the need to reach out to the family and neighbourhood in carrying out this purpose.

The Task Force was critical of the media. It was our view that the newspapers, radio and television did not reflect a Toronto which had developed since the Second World War. Toronto was now a collection of minorities and certainly one could read the papers and listen to the mainstream television and radio with very little perception that this was the case. Once again, it was the problem of institutional lag and our feeling was of a great need for the involvement of the various minorities in a dialogue with the electronic and print media in the community and an opportunity for individuals within the minority groups to become actively a part of the media scene.

The Task Force was quite impressed for example by the degree to which the Toronto Transit Commission had taken significant measures to provide greater protection and safety to all citizens who ride on the subways, buses and streetcars in this city. The alarm system, increased security services, the availability of information on what to do if an attack occurs, all of these were major steps in addressing a central problem. As well we were convinced that the City of Toronto had acted wisely in setting up a process whereby all the racist slogans which appeared on fences and walls—"white power", "negro go home"—were immediately removed. This effort was a major contribution to Toronto's well-being. Within a year the persistent appearance of such signs in public places has almost disappeared. The actions of a small group of people who were determined that this was not acceptable behaviour in a city like Toronto led to a government response.

Further, the Task Force became convinced of the need for a strengthened Human Rights Commission, making it capable of pressing the cases of those who have been the victims of discrimination in employment or housing opportunities.

The Task Force was also anxious to find ways to bring the leadership of the new minorities into the main stream of our public life. For that reason we suggested that Metro Council take direct action to assure that there were representatives of visible minorities upon commissions and committees filled through citizen appointment and we were anxious that they become a part of the mainstream of our voluntary welfare system as well.

The title of the Task Force Report is "Now is not Too Late" and it was our very considered view that *it was not too late*—that in fact with a certain amount of adjustment, with a certain raising of awareness and consciousness, with a certain reallocation of the already existing resources both monetary and human, that Toronto *could* cope with the large number of people who had come from other lands and other traditions. I think this is important because it is in essence the title which I believe to be relevant in addressing *all* the problems of human relationship throughout our nation. I believe now is not too late in other contexts of relationship.

The British Empire, your honour, is no longer a popular subject of discussion. Imperialism is a pejorative term in our present view of history. However we do know that the British Empire was a major leap forward from any imperialist structure which had existed before. It was exploitive, but there were also positive contributions made to the well-being of people in those countries who were being exploited—in health care, advances in agriculture and so on. Canada led the way to the development of a Commonwealth. A wider freedom and self-government were conceded without revolution, without violence. This was Canada's nineteenth century leap forward in the perception of empire. In the twentieth century Canada faces the opportunity for a similar leap forward in the perception of nationhood and citizenship.

For we have seen that the founding peoples came not to divest themselves of their backgrounds and their traditions but rather to enrich themselves by adding to a desire to be Canadian, a realization that *being Canadian* could only be fully achieved for them as a fulfilment of all that had come before. We allowed French-speaking Canadians the opportunity to develop a unique culture on the banks of the St. Lawrence. We welcomed people from Europe and from other continents to a Canadian mosaic in which there could be diversity and pluralism. Lately we have been prepared officially, but not consciously, to accept a multiracial society in which people from many different lands with many different religions and traditions of dress and food can be Canadian but be themselves as well.

Thus it would seem that in Canada we are faced with the challenge of moving forward in our concept of citizenship, or losing the nation we already have. For Canada can only exist within an atmosphere encouraging difference and contrast. It is only possible for the French-speaking people of this country to relate to the English-speaking people in the knowledge that there is an acceptance of this diversity and an acceptance of their need for fulfilment. It is only possible to have peace and personal security for all of us if people from many lands can feel comfortable in a community in which pluralism is accepted.

That is perhaps the twentieth century equivalent of Canada's contribution to a new form of empire. Now we must build a society which is tolerant and open and eventually loving, a society which can achieve a high degree of personal freedom in a nation sensitive to community and regional goals. We of all nations have an opportunity to meet this challenge because we have never articulated a truly national identity in purely geographical or monolithic terms. Many people have criticized Canada for this terrible lack of so-called national pride or patriotic fervour, but perhaps our Canadian style provides a chance to be so much more flexible, diverse—and to celebrate and glory in these differences.

It is a mind-boggling leap from the positive concept of empire this club reminds us of, to the need for a redeeming perception of nationhood which both French- and English-speaking peoples can share, to a Canadianism which encourages people from contrasting cultures to express themselves in at atmosphere of acceptance and appreciation. However, I am convinced it is the same mind-set that seeks adventure, glories in differences and accommodates the strange, the unusual, which will make being Canadian an exhilarating experience.

Unity in diversity means an end to the sterility of asking "What does Quebec want?" in order to find the particular constitutional mechanism which will keep *those people* quiet. It gives a more adequate context to the question "What does English-Canada want?" It is a view of nationhood appropriate to the twentieth century, perhaps the twenty-first century and twenty-second century. It directs our minds away from the negative, the intolerant, the narrow and the parochial. It is a citizenship which comprehends a holistic approach to human affairs, one which includes what we know of healthy psychological needs, one which expresses a truly environmental approach to collective relationships—a new dimension in citizenship, a new empire of the spirit and intellect.

The appreciation of the audience was expressed by Mr. Ian D. C. McPhail, a Director of The Empire Club of Canada.

JANUARY 26, 1978

The Business of Playing Hockey

AN ADDRESS BY John A. Ziegler, Jr.,
PRESIDENT, NATIONAL HOCKEY LEAGUE

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: Our guest of honour today, Mr. John A. Ziegler, Jr., is one of those extremely fortunate people who find themselves in a position which they thoroughly enjoy—and which affords them a living. As "King" Clancy of the Leafs says, "Imagine getting paid for doing something you love."

When asked by Frank Orr of *The Toronto Star* what would inspire a man to take over a hockey league in financial turmoil following a season in which only six of the eighteen teams made money, Ziegler replied, "It must be a misplaced gene. Really the job allows me to combine my vocation, law, with my avocation, hockey. Not many jobs do that."

Indeed they do not—but then not many chief executives can be accurately described as "hockey nuts".

"I played in Detroit recreational leagues a couple of times a week until I was 36," Ziegler admits. "In fact it browned me off when I had to give it up because of business pressures."

As president of the National Hockey League, John Ziegler must certainly know about pressure. Hardly a day goes by when the league and its problems are not discussed by North American media. Nothing, except perhaps relatively minor economic problems such as unemployment and inflation, gets more news coverage. At the centre of this storm—and living in the well-known goldfish bowl—is the president of the National Hockey League, only the fourth man to hold that position and the first American citizen.

John Ziegler was born in Grosse Pointe, Michigan, where he was an all-sports athlete at Lakeshore High School and graduated from the University of Michigan in arts and law. Almost immediately, his career became entwined with his favourite sport, hockey, and he became connected with the Detroit Red Wings hockey club. He served that organization as general counsel and as alternate governor, as well as serving on many NHL committees, eventually rising to become chairman of the National Hockey League Board of Governors.

Throughout his involvement with the League, John Ziegler has participated in negotiations, both internal and external, in all phases of hockey development. With such a background and such an obvious love for the game, he should have been an automatic choice for president once it became certain that Clarence Campbell was definitely retiring.

And this was indeed the case—except that he turned the job down.

Many club owners had advocated a stance for their president similar to such positions in other sports, notably baseball, basketball and football. "What's the word?" said Harold Ballard of the Maple Leafs (and now the Tiger Cats), "a dictator."

John Ziegler's interpretation of the presidency didn't agree.

With the passage of time, however, the NHL selection committee changed the emphasis that rests with the president of the League and re-approached Ziegler. This time he agreed—on his own terms.

"I will be the chief executive officer, not the commissioner of the League. Because the structure of the NHL is such that it doesn't need a commissioner. The power of the League is still within the clubs. . . . Idealistically, my aim is to bring economic and competitive vitality to the game. In short, we have to get more people into the seats and the best possible product on the ice."

Anyone who saw the NHL all-star game played Tuesday night last will agree that the level of play can occasionally reach peaks of excellence. These peaks have also been reached in international play which is a continuing story, the final chapters of which have yet to be written and perhaps we will hear more of that from Mr. Ziegler today.

Many believe that the future of ice hockey is in the international arena, and yet as Canadians we will probably always regard hockey as "our game", despite the lack of official national sport status.

As Anatole Tarazov, the exemplary Russian hockey coach said in 1969, "Canadian professional hockey is proud and touchy. Canada is the birth-place of this tremendous game. You invented it and you always want to be the best."

And Canadians want to see the best, as well. It is, therefore, a pleasure for me to introduce to you the president of the National Hockey League, John A. Ziegler, Jr., who will speak to us under the title, "The Business of Playing Hockey".

MR. ZIEGLER:

Ladies and gentlemen: When I received your very kind invitation, being a misplaced or displaced Yankee, I wondered "What is the Empire Club?" I was suspicious that it might be a front organization for the Monarchists, dedicated to recolonizing the United States. I called my friends, Bob Sedgewick and Alan Eagleson, and they assured me that I was absolutely correct!

Alan and I were at the all-star dinner the other night, and Frank Selke (who is I am sure well known to all of you), one of the great contributors to the National Hockey League and to the game itself, was being honoured and was honouring the National Hockey League. We have a new trophy called the Frank Selke Trophy. At the beginning of his address, he said "I was wondering what you might like to hear . . . and then I thought, probably as little as possible."

My friends Bob and Alan tell me that this is the most impressive club in North America, that it boasts in its membership the leaders in business, industry, finance and the professions. That made me very curious. Certainly most of you must have read that last year in the National Hockey League, ten of its clubs lost eighteen million dollars. So I wondered what all of you, who have enjoyed success, could hope to learn from me, the head of an organization that lost eighteen million dollars. Then it occurred to me that you might like to hear about the tremendous decisions and the wisdom that brought us to that position. And I thought maybe we might take a few moments and talk about that history, which will tell us where the National Hockey League is today and how we got there, with a few comments about where I think the National Hockey League will be in the next few years.

As probably most of you know, before 1967 the National Hockey League was a small club of six franchises which existed basically upon whatever they could do in their own buildings and solely dependent upon gate receipts. The National Hockey League is an unincorporated association, not for profit. I'm sure all of you know exactly what that means. If you don't, ask your lawyers, and if they tell you would you please call me and tell me. The National Hockey League is a business. Its business is entertainment. The entertainment it presents is sport.

It is the braiding of those three interests, those three concepts, that make it unique, that create its problems, and create the difficulties in solving the problems we are facing, the obstacles that we have to overcome. It is in its history, moving from a business providing entertainment when there were only six member clubs, operated somewhat as a

Peter Hermant with Alan Eagleson (left) and John Ziegler, President of the National Hockey League.

private business club, that we find the genesis of some of the problems we face today. In the late 50s and early 60s, we were playing at a low of 90% capacity, over 100% capacity in some of the arenas. This was before Alan Eagleson. Wages were at a reasonable level. And there were no bounds to what hockey could do. You may also remember that in the 50s, all the sports were into expansion; big television dollars were being flashed in the newspapers as being paid to sports. The National Hockey League wanted to be part of that, and particularly to grow in the United States. So we conceived expansion and put it into effect.

I suggest to you that you consider your business or profession. If you contemplate expanding it in one year by 100%, and think of the problems that may present to you, you may have some idea about the problems that were presented to us.

Unfortunately, looking back, we can see that we did not plan well enough; we did not foresee those problems. However, we did know that there would be the accusation and the fact of a dilution of product. There would not be as many good hockey players per team as our public had come to expect. But we knew that over a period of two to three years, that would take care of itself. And I believe that we were correct in that.

We did not plan, though, for the business problems, the tax problems, the legal problems that we had, and we did not plan for the management and coaching development. Nevertheless, we were still getting along pretty well. Vancouver and Buffalo came in. We are very proud of that expansion. As a matter of fact, so far as total failures are concerned, we have only had two: Kansas City and Oakland. As you know, Oakland was a failure we refused to admit for a long time, and it has cost the League about eleven or twelve million dollars, which is part of our problem today.

Even with this, we were still coming along fairly well. But with expansion, came lawyers. I'm proud of my profession, and I also think I am a realist, but if I wasn't, my introduction at the National Hockey League Board of Governors imposed realism on me. My good friend, Bruce Norris, asked me in 1966 if I would act as an alternate governor with him at the Board of Governors meetings. As I mentioned before, the League was like a private club. There weren't many lawyers around. Mr. Jennings, President of the New York Rangers, was a lawyer and a governor, but he didn't act as a lawyer; he acted as president of his club. Mr. Campbell was a lawyer, but he acted as president of the League. So when I was introduced to the small group, I was introduced as Bruce's friend, a man who liked hockey, who was a lawyer but "don't hold that against him".

As soon as we expanded, we were faced with lots of legal problems. The expanding teams had legal considerations, tax considerations, and they all showed up with lawyers, so not to be outdone, the other clubs had to get their lawyers. So now we have eighteen governors and eighteen lawyers at every meeting! Somebody said that in 1966 and 1967, the years when the lawyers came in, that we were anticipating the Chinese Year of the Rat.

At the same time, there came on the scene lawyers for players. At that time, Alan Eagleson was introduced, and the National Hockey League's Players' Association, a formalization of the owner-player arrangement that had gone on before. At the time, we viewed it with great trepidation, but I think our fears were misplaced; at least they were in the wrong direction. We were still in the position of being able to overcome some problems that we hadn't planned for.

Then, out of the west, came the thundering genius and financial acumen of those gentlemen who had brought the world the American Basketball Association and had gone on to mountains of unpaid bills with the World Football League, and thus was created the World Hockey Association. And out of that came the biggest cause of that eighteen million dollar loss last year.

With the war, and it was a full-fledged war, we went into a war posture. That posture was, "Thou shalt not take our player talent; thou shalt not beat us at this game we have worked hard to develop." That war moved into the courts at an expense of well over one and a half million dollars in legal fees and litigation, a burden that none of us had planned for or anticipated. If I had anticipated it, I would not have been with the League; I'd have been out acting as a lawyer! With it came the need to protect and retain our players. Whereas our payrolls may have been half a million dollars in the early 60s, today they are over two million dollars. I would suggest that you think about that kind of growth in expense in your own business over a period of four or five years, and you may have some appreciation of the problems of the owners and the League.

In protecting and securing our players, we had to pay them more to meet the competition. But that wasn't enough. We had one more idea of genius. In our contracts, for years and years, we were able to terminate a contract by giving notice. Our contracts were part of our assets; as a matter of fact, the major part of the assets of our clubs. With one stroke of the pen, and without any urging from Alan or the Players' Association or anybody else other than advice of counsel, we struck out voluntarily our right to terminate a contract. There were approximately four to five hundred standard player contracts in the National Hockey League —those were our assets—and by that stroke of the pen we immediately created no-cut contracts, four or five hundred obligations or liabilities.

It did another thing. Whereas a player could have been terminated before, and thus have to look for a job somewhere else if his performance wasn't up to standard, he now had security regardless of whether he played at 50% or 75% or 80% of his capacity. He would still get paid and he would be paid for the duration of his contract. I am sure you see that our coaches and our managers had a motivation problem from that point on.

That problem stayed with us through at least part of last year. With Alan's leadership, with the leadership of the Players' Association, the players began to realize that they are responsible for the product on the ice. I think we have that problem well on the way to being solved.

Last year, nine million people paid to see our games. That does credit to the kind of business, entertainment and sport that we have. From a percent of capacity in the arenas where we demonstrate our sport, we probably have the greatest percentage of any professional sport.

In the United States we hear that we must be a minor league sport because we are not on a major television network. That logic always escapes me. This year we will have 577 telecasts of our games. Next to baseball, we probably televise more games than any other professional sport. We will have 1,200 radio broadcasts in North America, so that those who suggest that we are less than a major league sport speak from a logic that is totally falacious.

Our product today is bigger—it plays in more places, it is seen by more people than ever before. The competition on the ice is better than it was last year. Some of our severest critics are our general managers, and they tell me this, so I believe them. I think the games I have watched are better. Nobody is sure of two points when they go into any arena today.

The actors in our performances, those very talented young men, are bigger, stronger. They are better hockey players than ever before. They shoot harder, they have been better trained, they are in better physical condition. More science goes into their training, more sophisticated coaching technique, than at any time in the history of the National Hockey League.

The product is going to get even better. Alan and I were noting the other day the number of first round draft choices who were playing so very well for our teams this year. We have to go back a long way to see that large an influx of twenty-year-old players into our League. We even had two on the All-Star Team in their middle twenties, and the major portion of our outstanding players are between twenty and twenty-six or twenty-seven. If Guy Lefleur wants to follow in the footsteps of Gordie Howe, we will have the pleasure of seeing him play for another twenty-four years!

In the presentation of our product, we are involved in a dialogue, between the owners, the players, the general managers. I am not certain that we are satisfied with our present presentation. At least, it is under examination. By presentation I mean, do we keep our present divisions? We now play what we call a balanced schedule. We try to play each team an equal number of times. There is a proposal that we should play an unbalanced schedule, playing some teams more and others less. We have heard criticism that our audiences don't know the players like they used to. They don't have a chance to identify with the good guys and the bad guys, and perhaps if they saw certain teams more often the "we versus them" concept would have more chance to develop.

This is a debate that is going on right now. There is no clear-cut answer. Part of the reason is this unique creature we have in the League—this business, entertainment, sport aspect. You can do something one way which makes sense from a business standpoint, but it may not from an entertainment standpoint or from a sports standpoint. It may from the point of view of sport and pure entertainment be in the best interests to eliminate twelve teams and reduce to six again and take all the best talent. But that logic suggests that you then go down to four, and then to two, and from a business standpoint that doesn't make sense.

Looking ahead, if I were outside of the League and had some interest in the game, these are the kinds of questions I would be asking about the future. When you read about the answers, which may be termed "idiotic" by the media, I ask you to remember that they are the result of the mixture of these three concepts. If they don't make 100% sense from a sports standpoint, always remember to add in the entertainment and the business aspect, and perhaps you can come to a closer understanding of the decisions we will make.

I want to talk about the consumer—you—the person who buys our season tickets and goes to the games. Our audiences are the kind of audiences advertisers like to see. 62% of our audience are in the income bracket of $20,000 and above; 21% of that audience has had post-graduate training; 26% are college graduates; 21% have had some college and 22% are high school graduates. In other words, close to 90% are high school graduates or above. Over 62% are at the career levels of mid-managership, ownership or professions. As for age, 18 to 24 make up 12%; 25 to 34, 33%; 35 to 49, 40%. I also have another statistic:

72% are married. I don't know quite how that fits in, but I guess if you earn over $20,000, you are a high school graduate, you are in mid-management or a profession, and you're over eighteen, there's a good chance you're not single!

As we go into the next ten years in the National Hockey League, we must be aware of who our consumer is. Those of you who deal with consumers probably know more about this than I do. The men in advertising and sales tell me that we have changed as consumers. We are more flexible than before, but we are more demanding. We want more value. A person isn't so much interested in just going some place as he is in what he is going to be doing when he gets there.

Ernie Jones, a friend of mine and head of Darcy McManus Advertising Agency, addressed the Detroit Bar Association last summer. He had a description of our consumer which I found both pointed and entertaining and I want to share it with you. Ernie said, "The consumer has become a wary canary. Circumstances have made him the complete cynic. Everything he likes or wants, from saccharine to cigarettes, is doomfully reported as causing cancer or cholesterol. He is beginning to believe that the laboratory rats are the only ones having fun."

We must be concerned with our product on the ice. I am convinced that with the talent of the young men (and 85% of our players still come from Canada), the continued enthusiasm with the sport in Canada, the continued growth of hockey in North America, that our product is going to get better. But we can't just sit back and expect it to happen. We must improve our coaching techniques. They have improved somewhat, but I think it is an area in which we have fallen behind or not kept up with the times. Our management techniques must improve and I think as we see more management people coming in we find that they are more thoroughly trained than in the past, they have more education, they have worked harder at their profession than in the past. At the management level, we are seeing more professionalism which encourages me that we are going to get better at that level.

We have a number of problems to solve, and we must choose our directions for the future. One of our largest assets, and I think we stand far above all the other professional sports, is our relationship with our players. The owner-player relationship is one that has been developed basically in the last ten years. It has been developed both from the owners' standpoint, and from the players', led by Alan. When the Players' Association was in its early stages, I think players were reluctant to be identified with it. They were afraid management would send them to Siberia, and in the early years those fears might have had some justification! By the same token, ownership looked at a player who joined the Association or became a player representative as an enemy or as disloyal to his team. Fortunately, for the most part, both players and owners have gotten past that rather Neanderthal type of thinking.

What we have seen take place in the Players' Association, and I know as a result of Alan's encouragement and persuasion, is that the player who shows up as the player representative of his team is now in one of the star or leadership categories. So now we not only have leadership of a business standpoint there but we also have the people who are starring on the ice. Thus they can speak with authority. The most obvious example is Bobby Clarke, the President of the National Hockey League Players' Association, and I don't have to tell you the kind of leadership that he has provided on the ice for the Philadelphia Fliers. He has provided that kind of leadership with Alan at the Players' Association.

You may think I am taking a lot of time on this subject, but I repeat, that as we go into the future this is the biggest asset that we have, and it places us far ahead of the other major-league sports. We were pioneers in developing the collective bargaining agreement between the Players' Association and ourselves, and even though we had a set five-year agreement we have been able to continue a relationship that has called for amendments which we think are improving the game. The players have made some substantial concessions just this last year. They have agreed to eliminate the no-cut contract, that provision which placed us in the very difficult economic position in which we found ourselves. In effect, they gave up their security and agreed to rely on their performance, and that was a tremendous concession from them to our sport.

The reason we have this, though, is not because of the leadership of the owners, not even because of the leadership of Alan, but because this sport fortunately commands a love of the sport. When push comes to shove, when we are sitting on opposite sides of the table, so far we have always been able to work out a compromise on the basis of what is best for the sport. As long as that attitude remains with the players and the owners, I know we will be able to make the right decisions.

We are going to be on major network television in the United States, if not this year, then next. The League may have some contraction first, but it is going to continue to grow. So many people have done so much to make the National Hockey League what it is, I feel very privileged to be involved. I feel great pride to have the opportunity to associate with this sport because I know it is going to get bigger and better.

Thank you for letting me take your time to talk about something I like so much.

The appreciation of the audience was expressed by Lt. Col. R. G. Douglas, O.St.J., C.D., a Director of The Empire Club of Canada.

FEBRUARY 2, 1978

The Fun and Games are Over

AN ADDRESS BY The Honourable Frank Drea, M.P.P.,
MINISTER OF CORRECTIONAL SERVICES,
GOVERNMENT OF ONTARIO

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: Robert Vezina, writing in the late lamented *Toronto Telegram* some years ago, described our guest of honour today as follows: "One of the first things I noticed about Frank Drea . . . was that he didn't wear his clothes. Rather, he defied them to keep up with him. He won; the clothes lost."

Obviously, changes have been made, at least in Frank Drea's wardrobe. The clothes now obviously keep up, but not, I assure you, because the speed at which he operates has been reduced.

For example, only moments after it was announced last September 21st that he was being appointed Minister of Correctional Services in the Ontario Cabinet, Frank Drea was referring to himself as "Minister of Jails" and describing plans to increase efficiency in the province's institutions, reduce the cost of prison services, examine the relevance of Toronto's Don Jail and offering a flag of truce to the provincial Ombudsman.

But then, James Francis Drea is used to moving and thinking on his feet.

He was born in St. Catharines and when he decided he wanted a college education and a job as a reporter, simultaneously, he got both at the same time by working for *The*

Buffalo Courier Express in order to pay his tuition at Canisius College.

Graduating in history and English with honours in philosophy and theology, Drea went to work for and on *The Toronto Telegram* where he plied his trade as a crusading journalist first as labour columnist, for which he won the Heywood Broun award for his work on behalf of immigrant construction workers, and later as founder of the Action Line feature in that same paper.

On the way, he also had some other activities: vice-chairman, the board of review of the Ontario Department of Social and Family services; president, the Canadian Society of Professional Journalists; member, National Committee for the Abolishment of Capital Punishment; member, the Catholic Social Life Conference and one of the founders of the Credit Counselling Service of Metropolitan Toronto.

During his newspaper days, Frank Drea had the reputation of dynamic reporter, one who was inventive and imaginative.

The story is told of a night in Pittsburgh when he couldn't get a cab, so he hitched a ride in a passing paddy wagon. Unfortunately, there was a riot call and Drea ended up in the back of the wagon with seven screaming, clawing ladies.

"Hell," he said, "I didn't even lay a hand on those ladies. One of them took a swipe at me with a razor—ruined a new winter coat."

And on another occasion, Frank Drea managed to get an exclusive interview with the late Jimmy Hoffa. The only place apparently that they could get some privacy was in a hotel room bathroom, and even then Hoffa wouldn't talk until he had turned the shower fully on. "You never know what they're going to bug next," Hoffa is reputed to have said at the time.

In 1971, Frank Drea turned his energies from journalism to politics and won the provincial seat of Scarborough Centre.

As you might imagine from his previous career, it was not long until he was thoroughly involved in government and he has been a member of the select committee on snowmobiles and all-touring vehicles and the select committee on highway transportation of goods.

As parliamentary assistant to the Minister of Consumer and Commercial Relations, he was author of the Travel Act, mover of the Consumer Bill of Rights, mover of amendments to the Liquor Act, and homebuyers legislation.

In his short time as Minister of Correctional Services, Frank Drea has taken on the high profile usually afforded other ministers and other ministries.

He has dealt so far with the media and the public in his usual direct, no-nonsense way—a refreshing breath of air—but one keeps waiting for the bubble to burst. On Monday last, *The Toronto Sun* editorialized under the title, "Lethal Media"—"The most risky thing a politician can have going for him is the approval and adoration of the media."

The Sun is undoubtedly correct.

And yet, I believe all of us here in this room would rather agree with the Roman poet, Horace—and I won't beleaguer you with the original Latin—who wrote, "He who has begun the task has half done it; have the courage to be wise."

Ladies and gentlemen, it is a pleasure for me to introduce to you the Minister of Correctional Services in the Government of Ontario, the Honourable Frank Drea, M.P.P., who will address us under the title, "The Fun and Games are Over".

MR. DREA:

Mr. President, ladies and gentlemen: Last Friday I officially opened the new Hamilton-Wentworth Detention Centre. It was gratifying to participate in an event which will result in the closure of another outdated penal institution, namely the old Barton Street Jail, which, like its ancient Toronto counterpart, the much maligned Don Jail, had long ago outlived its usefulness.

Perhaps, however, I got as much personal satisfaction out of a minor event that preceded last Friday's ceremonies.

The Ministry's Co-ordinator of Food Services informs me that she had two inmates working all day helping to bring kitchen and dining room equipment into the new building. When they were finished, one inmate said to the other:

"That's probably the hardest I ever worked in my life."

"Well," said his companion, "you had better get used to it because, according to the newspapers, this new Minister of Corrections is going to make all able-bodied inmates work."

The first inmate was outraged. "If I have to work, then I'm not coming back to prison," he said.

Maybe, ladies and gentlemen, that's the point of the exercise.

The Ontario Ministry of Correctional Services is only one element in a comprehensive, but not necessarily well-co-ordinated set of services often termed the Criminal Justice System.

At the "front end" of this system is the work done by police forces and some social agencies in the area of public education, crime prevention programs, and, in the case of police, the apprehension of the lawbreaker.

The various levels of adult criminal courts are the next stage of the system, and it is here that decisions are made regarding prosecution under existing law and judgements are rendered which have great immediate impact upon the next stage of the system, namely, corrections. However, it will be clear also that increased police activity leading to a greater number of persons apprehended and charged will have "downstream" effects upon corrections.

A proliferation of laws beyond what is necessary to maintain the peace and security of society means a wasteful use of police resources and increased workloads for the courts and the correctional system. Limited sentencing alternatives available to judges and prosecutors leads to committing offenders to incarceration in expensive institutional accommodation, when various alternative dispositions could subject the individual to censure or deterrence, while allowing him to continue to work in the community and support himself and his family.

Finally, a lack of initiative or imagination on the part of those responsible for the correctional component of the criminal justice system will result in the costly, unproductive warehousing of offenders in revolving-door institutions and programs.

When I was appointed to my present portfolio, I did not arrive as a neophyte in the corrections field. I had been deeply interested and directly involved in the criminal justice field for a number of years. As a Parliamentary Assistant to the Minister of Consumer and Commercial Relations I was involved in seeking to uncover frauds and other rip-offs of the public in order to prosecute the perpetrators.

I was also an active participant in policy consideration in the justice field, an involvement which brought me into constant contact with some of the best minds in this field including the current Attorney General and my present Deputy Minister.

What I have tried to do is to bring a fresh approach to corrections. I have looked critically at what has gone before and attempted to point to new directions for the future. And let's face it, there are real problems in this field and no easy answers.

Realizing this, I have taken my case to the public and asked for your understanding, your participation, and your support.

We all know that crime is a costly business. It costs a great deal to apprehend the offender and to process him through the courts. If he is sentenced to prison, the community not only pays an exorbitant price to house him, but it must also pick up the tab for supporting his wife and family while he, the breadwinner, is incarcerated.

The Hon. Frank Drea, M.P.P.,
Minister of Correctional Services,
Government of Ontario

I am a practical person. I am also a taxpayer. I like to think I am also a hard-nosed businessman and do not like to see money wasted on operations that do not get results. Obviously, then, I find a great deal to worry about in our present approach to offenders.

A few statistics will give you an appreciation of the size and complexity of the problem. In the fiscal year ending March 31, 1977, there were approximately 60,000 committals to Ontario jails. Some of these individuals were there only a short time on remand, or until they were granted bail. Those who received sentences of less than two years were transferred to various provincial correctional facilities. All those sentenced to more than two years were sent to federal penitentiaries.

On any given day I have 30,000 people under my care. The vast majority, or approximately 24,000, are on probation or parole in the community. The remaining 6,000 are in institutions. It is the latter group which poses the greatest problem for they are costing you and me, as taxpayers, over $40 a day to house; and, in addition, they are an economic drain on our pocketbooks in various other ways including such expenses as supporting their families, as I have already mentioned.

In contrast, it costs approximately $2.40 a day to supervise an individual in the community. Perhaps the worst part of this whole situation is that prisons have not been particularly successful in one of their major goals, that of helping the offender to give up crime and to become a law-abiding and productive citizen.

As I have indicated, there are no easy answers. I have looked at what has gone before and I have set out to change the system.

Let us examine briefly what has been attempted in the past. At one time offenders were simply locked away for punishment and contemplation. Gradually a model was developed which relied on vocational and academic training. Later, the idea of counselling and therapeutic treatment was incorporated.

Unfortunately none of these approaches individually, or in combination, seemed to get improved results. In recent years the emphasis has been on life skills, or what might be termed survival techniques for the modern society. This includes the teaching of how to manage money, how to apply for a job and present one's self at a job interview, and so forth.

The tragic fact is, however, that we still send too many people to prison who don't need to be there and who could benefit from alternate dispositions. There is no doubt that there are some offenders who require treatment, or who need academic and vocational upgrading. There is no doubt either that some offenders need to be locked in secure institutions to ensure your safety and mine.

It is tragically true also that there are some offenders who, despite our best intentions, cannot be "cured" of their criminality because we simply have not developed techniques that can reclaim them for a normal life in the community.

We cannot write off these individuals—we must continue our attempts to try and help them. At the same time we must realize that the best we may be able to do, considering limitations of present knowledge in the social science field, is to provide humane warehousing for such individuals.

What I have said is, "Let's stop putting the petty offender in jail and squandering our tax dollars to maintain him there. Let's start finding alternative dispositions in the court that will keep these people in the community under inexpensive supervision where they can make some worthwhile contribution to that community. Let's start making offenders accept some responsibility for their crimes rather than simply allowing them to lounge around a jail watching television or involved in some equally non-productive activity." Specifically, I am encouraging the judiciary to sentence petty offenders to community service.

Why shouldn't offenders shovel snow for senior citizens or mow the lawn for these elderly people who have worked long and hard to build the society in which we live?

Why shouldn't petty offenders help to clean up parks and/or remove pollution from river banks and other public areas?

I am pleased to say that my ministry is sponsoring a number of pilot projects in which individuals perform community service in cities across the province. These individuals live at home, work at their regular jobs during the day, and perform their community service responsibilities in what, normally, would have been their leisure time.

I do not dismiss out-of-hand the need to provide vocational and academic upgrading and/or therapeutic treatment and counselling for some offenders. My ministry realizes there must be a variety of approaches available within our system. Offenders are not a heterogeneous group. This is a large and culturally diverse province and our client/inmate population is similarly diverse. What may be appropriate for an Ojibway or Cree native person from the north will be unsuitable for the urban youth from the core of Toronto or Hamilton.

My ministry accepts its responsibility to provide appropriate training and treatment to meet diverse needs but I am insisting that this should always be oriented toward the realities of society.

It is a fact that a large number of offenders are not particularly interested in receiving training or treatment. In my view these individuals should not be sitting around, sentenced to boredom and enforced idleness. This only leads them to dream up unpleasant surprises for my staff (i.e., escape attempts) or other unpleasant ways in which to work off excess energy (i.e., riots and assaults).

We live in a goal-oriented, work-oriented society. Offenders have to learn to live and function effectively in that society. To deny them responsibilities and opportunities to demonstrate a willingness to work or to learn useful skills is, in my view, immoral. Yet we've been doing this for years, not only in this province or this country but in most correctional jurisdictions around the world.

My plan is to expand opportunities for offenders to demonstrate that they are willing and capable of accepting their responsibilities in our society. And let's not underrate the willingness of many offenders to accept this challenge.

Three years ago we gave inmates in eastern Ontario the opportunity to work as volunteers in a large centre for the mentally retarded. They have done an excellent job in providing services and compassionate help to residents of this facility. So successful was this pilot project that inmates soon became involved working with elderly psychiatric patients at another facility.

In other parts of the province an increasing number of inmates from our institutions are working with the mentally ill, the physically handicapped, and other people who need special care and attention.

These inmates are providing a service which was not previously available, or they are bolstering an existing service which could not have expanded otherwise due to a lack of funds. We believe also that the inmates themselves have benefited from the experience of helping others.

As an incentive for inmates to accept responsibility for their own destinies, changes are being made in the system under which inmates presently receive automatic forgiveness of one-quarter of their sentence upon arriving at a correctional institution. In addition they can earn days off their sentence for good behaviour.

This automatic remission concept is essentially negative. You receive an automatic reduction in your sentence to begin with but have additional days added on if you do not perform adequately on a day-to-day basis.

Under the new system all reductions in sentences will be earned on the basis of good performance, at a rate of one day earned reduction for each three days served. Obviously, consistent work performance combined with good general behaviour will also result in favourable consideration for earlier release into the community under parole supervision.

In simple terms, as many people as possible in Ontario prisons will work when they can and, if their performance and motivation is consistently high, they will be reducing the length of their sentences as they go along. Those who refuse to work or to perform in an acceptable manner will serve every single day of their sentence.

The days of getting something for nothing in our prisons in Ontario are over. You will work for what you get. If you refuse to take advantage of the opportunities provided, you are the author of your own misfortune.

This approach seems eminently fair to me and in keeping with the day-to-day realities of life in a society in which all of us must accept responsibility and in which there can be no free rides.

I do not want to create the impression that I see myself as a knight in shining armour who is attempting, singlehandedly, to drag a backward correctional system into the twentieth century. There is much to be proud of in the Ontario correctional system. I promised that in the first four months after my appointment to this ministry I would visit all fifty-six correctional institutions in the province as well as various other facilities and field offices.

I achieved that goal and, in doing so, was very impressed with the staff of the ministry. I think in terms of dedication and commitment they stack up extremely well with any jurisdiction in the world. Ontario also has some of the best physical facilities in the correctional field.

Many of the programs I am promoting are possible because of the excellent groundwork which has been laid by the staff of my ministry. What has been lacking is a high profile for Corrections. Well, if you've been reading the newspapers you'll know that the last thing Corrections has been suffering from lately is a low profile.

One of the saving graces for any cabinet minister is to have a good civil service to fall back on to keep him headed in the right direction.

As I have indicated, there are many excellent programs which have been undertaken by the staff of my ministry in recent years and I am merely serving as a catalyst and promoter of some of these projects which are worthy of the public's attention.

The main thrust in recent years has been toward community corrections. The days are long gone when the walls around prisons serve as much to keep the public out as to keep the inmates in.

In recent years citizen volunteers have played an increasingly important role in helping offenders. Many volunteers come into our institutions each day to devote their time, energy and talents to helping inmates. Other volunteers work on a one-to-one basis with probationers. My ministry is anxious to increase the involvement of citizen volunteers and we are encouraging and helping to expand probation services, the use of community work orders, and the concept of restitution.

In the last three-and-one-half years the ministry has opened twenty-two Community Resource Centres where individuals can live in small residences and work in the community while completing their sentences. Two of these facilities provide an innovative approach to dealing with offenders from northern institutions who, in the past, merely sat out their time in the local jail. These two facilities provide for healthy employment working in the bush cutting pulpwood.

The ministry plans to expand the Community Resource Centre Program which, incidentally, provides accommodation currently for 234 inmates at half the cost of housing them in jails and correctional centres. In this connection, we are in the process of closing Glendale Adult Training Centre at Simcoe. This is one of a number of similar facilities for young adults aged sixteen to twenty-three years who are serving their first reformatory sentence.

Many of these inmates have built up a substantial local jail record and a reformatory incarceration is a reflection of their persistence in anti-social behaviour rather than the seriousness of a single offence.

With the courts moving rapidly toward Community Work Orders in lieu of incarceration for minor offenders, very few short-term prisoners will be sent to local jails in the future. This, inevitably, will mean the dwindling of the youth population in Adult Training Centres which now provide academic and vocational training programs.

Since most of the non-security type inmates now at Glendale can have their needs met in the community, in future, this type of inmate will be placed in Community Resource Centres. Instead of training programs in institutions, they will receive on-the-job training in industry, or will continue their education programs in community facilities. They will live in small groups of eight to fifteen and will be provided with specialized counselling when required.

We are convinced that this concept of the small community unit for the youthful offender who is not violent holds more promise than the heavy reliance of the past on restricted programming confined to institutions.

The Community Resource Centres are only a part of the thrust into the community connected with the broad expansion of the ministry's Temporary Absence Program. Under this program, large numbers of inmates are permitted to take academic or vocational training, or to work at gainful employment in the community during the day, returning at night to correctional institutions.

Those working at jobs in the community contribute toward their keep in the institution and help to support their families and pay taxes and other normal deductions from their pay.

Ninety-five per cent of the inmates complete temporary absences without committing criminal offences, making this a highly successful program from a rehabilitative point of view. On the economic side, these inmates earn approximately one-and-a-quarter million dollars a year, which is "found money" if one looks at the situation prior to the Temporary Absence Program when these inmates were merely a drag on the taxpayer's pocketbook because they did not earn a single cent.

If I tend to be stressing the economics of corrections it is because, as I have said, I view myself as a businessman and a long-suffering taxpayer. In this connection, I find myself questioning the present strictures placed on the Ontario correctional system by federal legislation and by historical jurisdictional splits between federal and provincial authority.

The federal government and the Ontario government both operate institutions, forestry camps and halfway houses; both fund private agency correctional services; both have parole-granting authority and supervise parolees;

both engage in correctional planning and research; both have information systems, training resources and separate management structures.

This is costly and wasteful duplication and, frequently, it operates to the disadvantage of the inmate. Thus, females from any part of Ontario, or indeed the country, who are sentenced to imprisonment for two years or more are sent to the Women's Prison at Kingston, while here in Ontario we have a surplus of excellent accommodation now, thanks to our community programming thrust.

As to parole, the Federal Board has powers to grant parole in respect of Criminal Code offences. Ontario can grant parole on the indeterminate portion of a definite-indeterminate sentence. Thus, persons with definite sentences who are imprisoned under provincial statutes cannot be paroled, even though they may be suitable candidates.

Recent changes in the law will allow the provinces to enter into agreement with the federal authorities and to assume responsibility for parole of all persons serving sentences of two years less a day.

I shall be negotiating with the federal government shortly regarding the assumption of responsibility in these areas, the costs of services, etc., with a view to achieving a greater degree of integration of corrections in Ontario and corresponding cost savings. In the future we must tackle broader issues of jurisdictional split in services, associated costs and possible economies.

When I became a Minister last September I promised to do three things:

1. To take the problems and programs in corrections to the public and ask for their support and understanding.
2. To ensure the Ombudsman's office wide access to all aspects of the ministry's operations so that any grievances and/or injustices would be fully aired.
3. To seek an end to the costly duplication of correctional

services and facilities by the provincial and federal governments.

I believe I have been successful in achieving my first two goals, although, admittedly, I have ruffled some feathers along the way.

In regard to the third goal, I am optimistic of bringing about some major improvements.

There are other goals which I hope to achieve that some cynics feel are not attainable.

For example, I believe that we have failed miserably to find solutions to the perplexing problems surrounding certain groups of offenders. In the past, we have tended to "write off" the most serious behaviour problems by dead-ending them in maximum security institutions where they have little or no hope of getting back into programs that could benefit them.

In the case of sex offenders and certain other inmates who require protective custody, we have deprived them of opportunities to take part in many programs available to the general inmate population. This is wrong. And it doesn't help much that we have done this through no malice toward the particular inmate, but because of our humanitarian desire to protect him from fellow inmates.

We must come to grips with these failures of the past. We must find new and better methods of providing help for these hapless individuals. I believe that answers can be found and I have challenged my staff and others interested in this field to suggest new ways of overcoming these glaring shortcomings in our present system.

I challenge you as leaders in the community to join in the debate and to come forward with your ideas.

No one can tell me that we cannot reach rational and reasonable solutions to these problems. To dismiss a search for answers by saying: "It can't be done," is not good enough.

In this connection, I would remind you that, when I took over the Ministry of Correctional Services last fall I was told that the old Don Jail could not be closed until 1981 or later.

I closed it the day before New Year's Day, 1977.

Now, with your help, I'd like to open some new doors . . . I would like to inject some fresh ideas into correctional thinking in this province and this country.

The appreciation of the audience was expressed by Mr. R. Bredin Stapells, Q.C., a Past President of The Empire Club of Canada.

FEBRUARY 9,
1978

Canada and the Trade Negotiations

AN ADDRESS BY The Honourable A. J. MacEachen, M.P.,
DEPUTY PRIME MINISTER OF CANADA

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: While it hardly seems possible, looking at our guest of honour today, a testimonial dinner was held for him on October 27th, 1973, in Halifax to celebrate his twentieth anniversary in Parliament and his tenth as a member of the Cabinet.

One of the speakers on that occasion was the Prime Minister who said, "I know of no higher praise for a man than to say that his word, whether given in public or private, can be relied upon absolutely. That what he says, he believes. That what he does will not deviate from his own high standards of personal ethics. Such a man is Allan MacEachen."

High praise indeed—but not superfluous—because it has been well and truly earned by a man who has given, and continues to give, the prime of his life to his country.

Allan MacEachen was born in the Cape Breton mining town of Inverness. His father worked in the mines to provide an education for his sons and, in fact, MacEachen lived in a totally educational environment until he entered politics.

He attended school in Inverness, St. Francis Xavier University, the University of Toronto, and the Massachusetts Institute of Technology before returning to Antigonish to join the staff of St. F.X.

He entered political life in 1953 when he was elected as Member of Parliament for the constituency of Inverness-Richmond and he has been re-elected from that Cape Breton riding ever since.

In an article entitled "An Enigma Called Allan MacEachen", Barry Conn Hughes wrote, "Maybe Cape Breton has done as much for Allan MacEachen as he has done for Cape Breton. Veneer counts very little there and visitors soon learn that Cape Bretoners have a canny appreciation of what is important and what is not. And that's obviously given him an acute sense of values." Allan MacEachen once said, "Success without worth at its source is ashes to a Scot."

Of course, MacEachen is a Scot. As a matter of fact, a story is told that on a particular Robbie Burns day some years ago several MPs wore kilts to the House of Commons. MacEachen, who was government house leader at the time, said, "I intended wearing a kilt today myself, but I decided against it. I thought as leader of the government in a minority situation I was sufficiently exposed."

MacEachen's career in the House has been spectacular and diverse. He has served as special assistant to the then leader of the opposition, the Right Honourable Lester B. Pearson; as Observer to the United Nations; as alternate delegate to the Economic and Social Council of the United Nations in Geneva.

He has served the government as Minister of Labour; Minister of National Health and Welfare; Minister of Manpower and Immigration; Secretary of State for External Affairs; and today he is president of the Privy Council, leader of the government in the House of Commons and Deputy Prime Minister of Canada. Additionally, he was co-chairman of the Conference on International Economic Co-operation until May of last year, and recently led the Canadian delegation negotiating with the United States concerning the northern gas pipeline agreement, which was signed last September.

In the last few months, Allan MacEachen's attention has turned to trade—Canadian trade and its relationship to the Tokyo round of negotiations on the General Agreement on Tariffs and Trade or GATT. Surely, nothing can be more important to our economic outlook or future than the health of our trade.

Consider a statement made in the House of Commons by Nicholas Davin. "There are some who declare that Canada's trade is declining; there are some who maintain that the rich glow of health which at present mantles o'er Canada's virgin cheek will soon be replaced by the pallid hues of the corpse. To such pusillanimous propagandists of a preposterous pessimism, I answer, Mr. Speaker, with all confidence—never, never."

If you are wondering why you have not heard of Mr. Davin recently, it may be because the quotation is reputed to have been made in the House between 1884 and 1888.

Nonetheless, the sentiments are ours today.

Canada has much to gain from the Tokyo round and much to lose if we are not adroit. We are fortunate that overseeing our participation is a man whose actions were once described by his parliamentary secretary, as quoted in *The Globe and Mail*, as follows: "If MacEachen gets up to speak, then the government must be in trouble. He rarely shows his hand but when he's ready to shoot, he shoots."

Ladies and gentlemen, it's a pleasure for me to introduce to you the president of the Privy Council, leader of the government in the House of Commons and Deputy Prime Minister of Canada, the Honourable Allan MacEachen, who will be "shooting" when he addresses us under the title, "Canada and the Trade Negotiations—Building Blocks or Barricades?"

MR. MACEACHEN:

Ladies and gentlemen: I am very pleased to be able to talk to you today about a major international development which will touch us all and which has become a focus of public attention in the past few months. I refer to the multilateral trade negotiations in Geneva in which Canada and ninety-seven other countries are currently participating—countries which together account for nearly 95% of total world trade.

I do not intend to go into the technical side of these negotiations. But I wish to put them into their world perspective; to explain why they are so critically important. And I shall talk about Canada's role in the negotiations, the advantages which we expect to derive from them, as well as the challenges we face in moving forward to a more competitive international environment.

The formal decision to move ahead with these new negotiations was taken by ministers at a meeting in Tokyo in late 1973. Canada was represented by the Honourable Alastair Gillespie, one of your own, and then Canada's Minister of Industry, Trade and Commerce. Since then, the participating countries have been preparing for the actual bargaining stage which has just been initiated in Geneva. Given the wide range of issues being dealt with, these preparations were not easy.

The world has not stood still. Since the Kennedy Round, Japan has further enhanced its position as a major world economic power along with the United States and with the European Community. We have lived through and are still trying to cope with the world energy crisis, and its attendant rising costs and serious balance-of-payments problems. Growth has slowed down, inflation has undermined confidence, unemployment has reached unprecedented levels. And the old order changeth; new suppliers have come on stream from the developing countries, helping to improve their less favoured lot, but sometimes intensifying the problems of the more mature industrial nations. Not surprisingly, there has been some agitation or some demand to revert to more restrictiveness and protectionism in world trade. But we remember from the thirties what can happen when beggar-your-neighbour policies take the ascendancy, when barriers to trade and payments multiply on every side and all countries are impoverished together.

We are determined not to let this happen again. And so are the leaders in the United States, the European Economic Community and Japan. At the Summit Meeting last summer, the protectionist route was rejected and the collective determination expressed to proceed with trade liberalization as the better way to cope with slow growth, unemployment and inflation. As a result of this political will, it was possible by mid-summer to impart new momentum to the Geneva negotiations and a series of target dates was established designed to move them from the preparatory to the substantive stage. The last of these deadlines was to be mid-January 1978.

To an encouraging extent, this timetable was met. On January 23, the main trading countries recorded their separate and collective willingness to enter into negotiations on industrial tariffs on the basis of a number of common elements. These include the so-called "working hypothesis" which has as its objective a weighted average tariff reduction of some 40%. Scope, however, is provided for greater tariff reductions than those envisaged under the formula as well as for lesser reductions or, in some cases, complete exception from tariff cuts. It is further expected, under the concept of "harmonization", that higher tariffs would be cut more than those already at low levels. It is also common ground that tariff reductions would be phased in over a period of at least eight years. Canada is among the countries entering into the industrial negotiations on the basis of these elements as well as of a number of particular considerations closely tailored to our national objectives and to the achievement of overall reciprocity. I shall return to these considerations in more detail in a moment.

There is more to the negotiations, of course, than the reduction of industrial tariffs. Agricultural products, fisheries products and alcoholic beverages are being handled differently and on the basis of the more traditional request-

The Hon. A. J. MacEachen, M.P.,
Deputy Prime Minister
of Canada

and-offer precedents. That is to say, each participant lists the specific tariff and non-tariff concessions it seeks from other participants. The others reply with lists of the concessions that they are prepared to offer, and the two sides then bargain their way towards a mutually acceptable deal. The same procedure is being used for a variety of non-tariff barriers affecting industrial products. Additionally, in the field of agriculture, we are negotiating for a new International Wheat Agreement. Trade in coarse grains, dairy products and beef is also the subject of special attention, looking towards both freer and better managed trading arrangements.

Draft codes of international behaviour governing certain of the more comprehensive non-tariff measures are now on the table. Such drafts cover government procurement practices, customs valuation and technical barriers to trade. The whole issue of the use of subsidies and countervailing duties is being addressed, but differences have so far prevented the emergence of anything like a document which could be taken as an agreed basis on which to focus negotiations. The same is by and large true for possible new rules on "safeguards"—that is to say, the measures which a country may take to protect its industries against sudden or excessive import penetration which either injures or threatens injury to domestic production.

Despite those areas where the negotiating parameters have yet to be fully laid out, enough progress was made in the run-up period for the GATT Director General to conclude after the January 23 meeting that the preparatory phase was indeed over and the real negotiations now engaged.

A good deal of public concern has been expressed about the possible impact of the Tokyo Round on the Canadian economy. Businessmen are asking, do we really expect to get anything important out of these negotiations? If we do get adequate concessions from our trading partners, can we afford to pay for them? Are we in a position to assure that reciprocity will in fact be attainable for Canada? Why do we place so much importance on the reduction of tariffs when such concessions can so easily be offset by other and more devious types of barriers? Can we afford to expose ourselves to more competition at a time when our domestic industries are facing so many difficult problems, including pressure from existing imports? Would it not be better to delay the whole affair until economic skies are brighter? If we are determined to go ahead, why do we not seek more advice from those in the private sector who are surely in a far better position to advise the government than are public service officials?

Concerns such as these are understandable. But they are certainly by no means limited to Canada. Similar views have been expressed in other industrialized countries. And, of course, this is natural when economic performance has, for some years, been below par and unemployment and inflation remain such serious problems. I should like to deal with some of these concerns, beginning with the question of inputs from the business community.

Canadian participation in these negotiations has been most carefully prepared. Consultation with the private sector and the provinces has been carried out on a broad front. In the past four years, for example, we have received over 350 submissions from individual companies, business groups and industry or labour associations and these have covered every element of Canadian production and trade. Many of them gave rise to valuable follow-up consultations. And there has been a multitude of direct contacts between industry and the government departments most immediately concerned, both at the ministerial and at the senior official and technical levels.

Over the past months, as the pace of preparations sped up in Geneva, the prospective shape and real scope of the negotiations began to emerge. It then became possible to provide more relevant and timely information to the public and to business about what was going on over there as well as about related activities here in Canada. This was done through reports made public by the Canadian Trade and Tariffs Committee, through periodic situation reports, through meetings with a great variety of associations and through speeches by our Co-ordinator, Jake Warren.

More recently, and probably of key concern, a series of confidential meetings with certain industry associations and companies has been initiated, in which Canada's current negotiating position is being explained in greater detail and advice sought as to how best to proceed in particular areas of the negotiations. These consultations continue and will continue as we move ahead. And we have, of course, been working closely with the provinces over the whole range of issues comprehended in the Geneva discussions. These federal/provincial consultations have proven most useful and will also continue over the period ahead. In no previous trade negotiation has there been the degree of intimacy of contact with the provinces and the private sector that we have seen with respect to the current talks.

I wish now to underline the vital importance of these negotiations for Canada. As a major exporting country, whose sales abroad account for almost one-quarter of its Gross National Product, Canada stands to benefit directly from the general reduction of tariffs and the removal of non-tariff barriers and these benefits would be spread across the country. Canadian producers who are already competitive should obviously enjoy greater returns. Those who are not will have an opportunity to improve their position through the increased specialization and longer production runs made possible by the wider markets opened up abroad.

In this regard, in this country, we have set two special conditions to our participation in the industrial tariff negotiations, both of them designed to make sure that tariffs are reduced in areas of particular significance and importance to Canada. One of these is the willingness of other participants to go beyond the average percentage cut envisaged in the working hypothesis and to reduce to a greater extent or eliminate altogether a wide range of numerically low tariffs. These are the rates faced by the great majority of our dutiable industrial exports. Although these foreign tariffs may be low in absolute terms, they are often high in terms of effective protection and can have a decisive effect on trade and thus on the location of production and investment. This is particularly important in our exchanges with the United States where about two-thirds of our dutiable exports fall within the "low duty" category. U.S. willingness substantially to meet us on this point, as intimated by Vice-President Mondale during his recent visit to Canada, should prove of great importance with proper scope for Canada to meet its negotiating objectives.

A second condition we have placed on our participation is the willingness of other countries to move towards a greater liberalization of trade than might otherwise result from the negotiations in certain selected resource-based sectors. We have put forward non-ferrous metals and forest products for such consideration. These so-called "sector" negotiations would be expected to contribute to Canada's objective of carrying out further processing and manufacturing of our raw materials prior to export.

You will note that I have referred to all these possible benefits in terms of opportunities. We obviously cannot force Canadian firms to sell abroad. We can only ensure that they are given the opportunity to do so and that they are provided with whatever advice and assistance they need to take advantage of these opportunities. In the last analysis, we must depend on the competitiveness of Canadian production and the aggressiveness and keenness of Canadian exporters and producers, which have already carried Canadian products into every corner of the world.

It is not good enough to argue that current lack of competitiveness must inevitably keep us out of foreign markets and that therefore Canadian tariffs must be maintained, if not increased. These expanded markets, and the lower costs and higher productivity which will result from sales in them, will help improve our competitiveness both at home and abroad. Nor should we overlook the fact, sometimes overlooked in discussions I've had, that the freer access we are seeking may benefit products which as yet have not been conceived but which, in this age of rapid technological development, may at some point take an important place in our export trade. There will be increased competition as Canadian tariffs and other barriers are lowered; this is the reciprocal of the improved access Canada will have to world markets. But this increased competition can help to lower costs to industry and to consumers and in some cases will be a factor in bringing about adjustments which are necessary to the modernization and future efficiency of parts of Canadian production.

And, of course, in negotiating for improved export access we must be particularly careful to ensure that what is being paid for is not frustrated by the imposition of new obstacles.

It is precisely for this reason that so much time in Geneva is being given to the question of non-tariff barriers. Our objectives in many cases are relatively simple, involving as they do the elimination of such direct restrictions on trade as import quotas and prohibitions facing our exports. In the long run, however, the proposed codes of international conduct and new or revised general trading rules are probably even more significant.

The notion of overall reciprocity is fundamental to these negotiations. It is a concept to which we ourselves attach special importance. In the tariff field, as I have indicated, we have made it clear that our acceptance of the working hypothesis is conditional on adequate progress being made in the elimination of low duties against our exports and the liberalization of trade in resource-based sectors of interest to Canada. But other issues are involved as well. What countries offer by way of lower tariffs is not necessarily finely balanced only against the reduction of tariffs by others. In terms of the national interest all elements must be taken into account—tariff concessions on industrial goods, the degree of access offered for agricultural and fisheries products, the reduction of non-tariff barriers and agreements on codes of international conduct. It will not be an easy judgement to make and qualitative as well as quantitative considerations will be involved. But in making these judgements we will have had the benefit of the confidential consultations with industry and the provinces which I have already mentioned.

Let me turn now to the important question of Canadian industry's ability to adapt itself to this new trading environment. Clearly it is not the intention of any participating government to impose changes on its industrial structure at a faster rate than that structure can absorb. At the moment, the first reduction in tariffs seems unlikely to take place until the beginning of 1980, nearly two years from now. Subsequent reductions would be carefully phased in over a period of not less than eight years. We are looking, therefore, not at the economic situation we see in 1978 but at a progressive and gradual adaptation to a more liberal trading environment which will not be completed until at least 1987.

We have not overlooked the possibility either that, in certain cases, Canadian firms or industries may find it genuinely difficult to adjust to new conditions. In some instances, we may find it necessary to ask that they may be excepted from the proposed tariff cuts, either partially or completely, or that they be allowed a longer phase-in period than that applied to other industries. I should point out, however, that we do not have unlimited scope in this regard.

Quite apart from any exceptions or partial exceptions it is, of course, necessary to consider what should be done by governments—federal and provincial—to facilitate change. This would be a priority whether or not the Geneva negotiations were taking place for few, if any, Canadians are satisfied with our present economic performance. When we seem to have lost our competitive edge and unemployment remains so unacceptably high, change must be the order of the day.

Direct assistance to industry has, as you know, been an important element in the work of governments for many years and some of the programs are already available to facilitate adaptation by firms and workers to various kinds of change. However, we are now actively considering the question of new machinery to assist such adjustment as well as changes in the application of existing programs. The most important part of government's role in the adjustment process will undoubtedly be the creation and maintenance of a business environment as favourable as possible to such adjustment and indeed to the healthy expansion of production and investment in Canada. It is recognized that special help will be required for workers, firms or communities which may be particularly vulnerable.

I think I have said enough to make it clear that we have been working on these negotiations in a most careful and considered fashion and on the basis of conscientious analysis of the private sector views which have been made available to the government. We foresee clear advantages to Canada in the negotiations, but our participation is predicated on overall reciprocity being obtained for our country. We recognize that time will be required to permit our industries to adjust to the new challenges and opportunities. And appropriate programs of adjustment assistance will be available for those who would otherwise find adaptation difficult.

The results of these negotiations are likely to establish a framework for international trade not only for the years immediately ahead but for many years to come. In the circumstances, the question of whether we should or should not participate answers itself. We have played, as a country, a leading role in the international search for political security. We must do the same in the search for greater economic security and prosperity.

The negotiations are far more than the traditional exercise in the reduction of tariffs. They are intended to establish new rules for world trade, to cope with issues which scarcely existed when the General Agreement came into force, including the aspirations of the developing countries. And they will deal also with a number of issues of critical concern to the trade of developed countries including the use of subsidies and countervailing duties and the rules governing future resort to import restrictions in the case of disruption arising from injurious imports. It is up to us, and up to Canada, to make sure that whatever new rules and understandings emerge are every bit as responsive to Canadian interests and concerns as they are to those of the other countries at the bargaining table.

It is not easy, at a time when our country faces so many current problems, to look ahead to the world in which we will be living and working ten or twenty years from now.

But look ahead we must if we are to be faithful to our responsibilities.

There is no turning back; the world moves on and we must be part of that movement. We must shape our policies not just for now but for the generation of Canadians who will follow in our train. This is so for business, for our farmers, and our trade union leadership as it is for governments.

Policies for the future, and that is what the MTN negotiations are about, should not be predicated on false optimism about our country nor on the notion that somehow the rest of the world will look after our concerns. Neither should they be based on the sort of mid-winter pessimism which suggests that Canada has no place to go; that we have no option but to cling as long as possible to the status quo. Such policies should reflect the reality that we live in a competitive world and that our economic performance relative to others will in the end dictate the measure of our well-being.

And that is really the heart of the matter. If we get the economy back on track and create the climate in which Canadian producers, manufacturers and investors can fulfil their potential then I foresee a very different mood from the attitude of unease prevailing today. We shall be facing up to the import challenge in our market and penetrating that of others. We shall be producing more of the right things and our employment patterns will be less vulnerable. We shall be investing more of our savings here in Canada and with good prospects for return.

This is the sort of climate all Canadians should be working for. The underlying indicators are already moving, I believe in a good direction, our trade surplus is rising, inflation is declining. While unemployment remains at intolerable levels, it too will decline although less quickly than I would wish.

A successful result to the trade negotiations will provide greater world-wide scope for Canadian endeavours. Such a conclusion should also help, through greater interaction between markets, to shape our production, employment and investment for more viable and sustainable performance in the years ahead. So, I come to the title of my talk, "Canada and the Trade Negotiations: Building Blocks or Barricades?" The negotiations should therefore not be seen as a threat to a static Canada but rather as important building blocks for a dynamic future. We should not be seeking a future where Canadians cling to each other in the cold behind protective barricades. We should be seeking a future in which Canadians walk again with pride and confidence in this market and in the markets of the world.

The appreciation of the audience was expressed by Mr. R. V. Doty, a Director of The Empire Club of Canada.

FEBRUARY 16, 1978

Money is a Coward

AN ADDRESS BY Zoltan Merszei,
PRESIDENT AND CHIEF EXECUTIVE OFFICER, THE DOW CHEMICAL COMPANY

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: The definition of success is one of those elusive and very subjective commodities which almost defies description. Probably there is no proper delineation, but one that caught my eye as I was doing some research was credited to Stephen Birmingham writing in *Holiday* magazine some years ago. Naturally, his comments were more attuned to the United States, but, nonetheless, they have a relevance to our guest of honour today.

> In this country, success is commonly regarded as an exclusively American product and it is advertised on matchbook covers and in the back pages of adventure magazines, accessible by way of a high school education or a new truss. It is thought by some to have a distinctly bitter taste, not unlike a mouthfull of dimes. But its smell is generally conceded to be sweet.

Our guest of honour today, Mr. Zoltan Merszei, is acknowledged to be a successful man. He heads one of the world's major corporations and has worked his way through the corridors of the business complex since his arrival in Canada from Hungary in 1949.

Mr. Merszei is a graduate architect—raised and educated in Switzerland and Hungary. Immediately upon his arrival in Canada, he joined the Dow Chemical Company and became a pioneer in the rapidly expanding Dow enterprise.

He has occupied managerial positions in various corporate operations throughout the world—including Japan, the Netherlands, Switzerland and Latin America. He has been a member of the board of directors of his company since 1968—on the executive committee since 1971. He became executive vice-president in 1975 and finally president and chief executive officer in December of 1975.

As part of his business life, Mr. Merszei serves on numerous boards of directors, including the Dow Banking Corporation and Handlesbank of Zurich, Switzerland, and he is a trustee of the Northwood Institute. Additionally, he has received a number of honours—including the Grand Cross of Order of Merit awarded by the Spanish government, the decoration of Commander of the Order of Oranje, Nassau, awarded by Queen Juliana of the Netherlands and Doctor of Laws awarded by the Northwood Institute.

Truly an outstanding and illustrious career—bringing to mind a quotation attributed to Calgary Bob Edwards. "People are always ready to admit a man's ability, after he gets there."

And yet there's something different in this meteoric rise to the heights of the business structure.

First, it is unusual to find a Canadian citizen in such a position—but more than that, it is a triumph to realize that Zoltan Merszei arrived in Canada as an immigrant. Well-trained, to be sure, but, nonetheless, faced with many of the same challenges that confront immigrants to Canada today, if not more so.

And yet he has not only made a contribution to his adopted country but to a world-wide enterprise. And I suggest to you, when next we're tempted to solve some of our short-run problems in this country by blaming what are really inherent economic weaknesses on those who have come here to better their ways of life, that we consider the achievements of Mr. Merszei and look elsewhere for scapegoats.

Dr. Wilfred Grenfell said, "The real value of life can only be gauged by what it gives to the world. Life is redeemed by achievement. All its fun is in doing things."

If that quotation holds any truth whatsoever, Zoltan Merszei must have had some fun along the way. It is a pleasure for me to introduce to you the president and chief executive officer of the Dow Chemical Company of Midland, Michigan, Mr. Zoltan Merszei, who surely must agree with Dale Carnegie when he said, "Success is getting what you want—happiness is wanting what you get."

Mr. Merszei will address us under the title, "Money is a Coward".

MR. MERSZEI:

Ladies and gentlemen: In preparing my remarks, I asked myself several questions. The first was, "What hat should I wear?"

As you know, I am a Canadian citizen. I am also the president of a company which has substantial Canadian investments and employs nearly three thousand Canadians; in fact, I am chairman of the board of our Canadian organization. My third hat is that of an entrepreneur who manages investments and markets products on a global basis.

The global hat seems to fit best. This permits me to put Canada's problems or opportunities in perspective in relation to the rest of the world.

The second question was, "With the knowledge that Canada has serious economic problems, could I find a message of hope rather than doom?"

The answer was very easy. I am an optimist. If I had nothing positive to say about Canada's future, I would have declined to be your speaker.

A third question, of course, was, "Should I express my personal opinion on how to solve the Quebec issue?"

I believe my comments on this issue should be something like a local politician who was accused of being unwilling to take a stand on the whiskey-by-the-glass question. He wrote a letter to the editor of the local newspaper which, in substance, said, "When you say 'whiskey', if you mean the devil's brew, the poison scourge that defiles innocence, dethrones reason and creates misery and poverty, then I am against it with all my power. But if, when you say 'whiskey', you mean the oil of conversation, the philosophic wine that is consumed when good fellows get together, that puts a song in their hearts and the warm glow of contentment in their eyes, that puts the spring in an old man's step on a frosty morning, and the sale of which brings taxes to provide care for the underprivileged, then I am for it."

He added, "This is my stand. I will not retreat from it and I will not compromise."

Let me assure you that I do have some personal opinions on how the Quebec issue should be resolved. Obviously you cannot afford a continued preoccupation with an issue which started on or before the Plains of Abraham two centuries ago. Canada's leadership needs all the available time to concentrate on the serious economic enigmas of the day. If that is not given high priority, the strength of Canadian confederation will quickly wane.

Having opened the door on the Quebec problem, I will not hedge as the politician did on the whiskey question. The issue boils with human emotions.

There is nothing new about dissension born of human differences in culture, religion or native tongue. Such differences must be outgrown, not only in Canada but throughout the so-called civilized world. Our planet, with its nuclear arsenal, can no longer afford the age-old tensions of the Middle East, or the strifes of Vietnam or Africa or Ireland—or, for that matter, Canada.

History reminds us of the torment and torture inflicted on men because of intolerance of one philosophy by those

Zoltan Merzei (left) in the Reception Room, with William Karn, Immediate Past President, Peter Hermant and Harry Seymour, a Director of the club.

who adhered to another. All the world's great religions seek understanding instead of myopic vision that fosters distrust or contempt for those whose tongue or customs differ. Certainly, bickering among men can deter progress. Newsman Richard Malone put it plainly when he wrote, "There are opportunities and plenty of room for everyone in Canada, except political bigots."

It is my plea, then, that both sides invoke brotherhood instead of rancour. Let both sides give not a little but a lot. Let both sides identify those qualities which bind people together as Canadians.

The curative powers of tolerance are magnificent. There is no such thing as an overdose of tolerance. Just look at the example set by the Swiss, who live amicably together, but with great pride in the many differences of languages, dialects and customs. Altogether, Switzerland stands as one of the most stable economies in the world.

Some pessimists claim Canada is on the brink of ruin, or economic disaster, or industrial stagnation. Certainly there are some signs which might seem to make this outlook valid.

Undoubtedly many of you read the story by Richard Malone last November in the Toronto *Globe and Mail.* Mr. Malone observed, "The conviction grows that our nation, despite all its advantages of wealth and social advancement, has lost direction and is sick with an ancient disease. The symptoms are inflation, unemployment, disunity, a falling dollar, enormous debts and public apathy."

However, Mr. Malone, after a lengthy documentation of economic ills, commented, "The picture is bleak . . . but not hopeless. . . . Our leaders tell us that our problems are largely due to general world conditions and there is not much we can do about that. . . . False! There is a great deal we can do about our future and our fate. . . ."

Mr. Malone's comments are in accord with my own convictions. Personally I suggest to you that Canada could be on the brink of greatness.

It will take some doing to shift the economic gears and gain momentum but, today, let us weigh Canada's strengths against its weaknesses.

Canada is one of the wealthiest nations on earth. The western world looks with envy on the Arabs. We over-react on the significance of their energy wealth. They have oil, and lots of it; but they are lacking in many resources, particularly human resources.

What do we have in Canada? We, too, have oil and natural gas. We also have tremendous forest and agricultural reserves, coal, iron ore, nickel, lead, uranium—you name it! Perhaps the greatest wealth of all, not often thought about by Canadians, is called "water". What do you think the Arabs would give for ample fresh water supply? They are talking about towing an iceberg down from the Arctic!

That's a product you have not thought about exporting. Why not sell them one!

Yes, the Arabs have lots of oil, but they are a little short on welders, electricians, carpenters, engineers, chemists, pipefitters—and we have them in abundance. It would take the Arabs a generation, if they knew how to do so, to develop the technical skills which abound in Canada. Canada has more than resources and skills. It is close to markets. Take a look at the Japanese. They have virtually no resources. All the Japanese really have going for them are ninety million over-achievers! Think what the Japanese would give for Canada's resources.

Well, let's see if we can identify some valid answers to Canada's current economic problems. What does Canada need to attain a renewed world industrial leadership and an enduring prosperity?

Frankly, your vast resources are not being utilized wisely —or at all. Those which remain in the ground are money in a bank, but it is a bank which pays no interest. Resources that are extracted are, too often, exported as raw materials which are converted and multiplied in value manyfold by other countries.

Canada gains little by sending iron ore and coal to Japan —and buying back Toyotas. Canada gains little in industrial strength by sending the wood from its great forests to the south—and buying back furniture or plywood. Canada gains little by sending natural gas to the United States—and buying back polyethylene in the form of shoes, plastic wraps and other products.

Probably more than half of all the goods purchased in Canada by over-taxed workers is made elsewhere from coal, oil, natural gas, wood or other materials extracted from Canada's plentiful reservoir.

So what does Canada lack?

The economic answer is a very simple one. Canada does not lack capital; it lacks the economic climate to encourage the investment of capital in Canadian manufacturing. Since the end of World War II, Canada has visibly lost strength and status among the world's more powerful industrial nations.

What happened?

A fact of life is that money is a coward. Money crosses national boundaries freely. Investment capital will not flow down a hazardous, unlit street where the risk is visibly higher than the potential reward. Money has no national loyalty. Like poker chips, money has no permanent home.

As you know, many Canadian companies, particularly manufacturers, are now investing in the United States to supply both U.S. and Canadian markets. They readily see an advantage in wage rates, capital costs and market size. The sad truth is that the rest of the world—the investment world, that is—has taken a hard look at Canada and will not support the life style of 1978 Canadians.

Last September, the Japanese shocked Premier Davis and his delegation on a mission to Tokyo by telling them Canada had priced itself out of the Japanese market. They said, rather emphatically but pointedly, "We have to make a profit. We are not a charity."

In effect, the spokesman for the Japanese was really saying, "What your people produce is not worth what our people produce." That is what the trading nations of the world are trying to tell Canada. This is why the dollar has skidded to new lows.

Now I am not suggesting that the Canadian worker in the private sector does not work hard. He does. But he cannot produce more without someone's providing additional modern plants and tools.

Understandably, the Canadian worker in the private sector is bitter. With relatively high wages, he sees his purchasing power diminish. He looks in the windows with hunger for the wondrous products of our time, but he has little money with which to shop at the inflated prices of Canadian hard goods. Costs are so high workers wonder if they can afford to be Canadians!

A high percentage of Canada's people live on or near the U.S. border. Daily they see television commercials advertising goods at attractive prices:

— Automobile ads name a price as much as $2000 lower than Canadian prices. This is particularly irritating when perhaps the automobile was manufactured in Canada in the worker's own city—Oakville, Windsor or London.

— Home appliances are offered at substantially lower prices in the United States. Many U.S. models are identical to Canadian models built in Canada by the same U.S. headquartered company.

— Housing prices are much higher in Canada. Also, mortgage interest rates, at times, are more than double and they are not tax deductible.

— Higher personal income taxes required to pay for social programs add to the frustration.

If you were to ask a former Canadian resident now employed in the United States what it would take to get him to return to Canada, he would certainly tell you that his income would have to be much higher.

It is no economic mystery why individual purchasing power has diminished. Canada ranks third on the scale of the highest personal taxes, topped only by Denmark and Sweden. Canada, of course, is not alone in putting a price tag on social programs so high as to invite economic stagnation. The United States is trying hard to match Canada's folly. Even so, it is still a more attractive investment market for other nations.

The bargaining mechanism in private industry has been a total failure when applied to government employees. The failure of the government to bargain with the public sector has put undue pressures on the private sector to equal the wage gains of government employees. The worker in private industry is probably bitter since he does not know how he can protect himself from government policies that reduce his income and job opportunity.

Until profits are adequate, the Canadian corporation cannot help the worker increase his real income. Few companies have dollars to build more efficient, larger plants to create more jobs or to pay higher wages.

One of these days, some country—whether it be England, Denmark, Sweden, the United States or any other country —is going to recognize that a restoration of the incentive system will bring amazing prosperity almost overnight. The first country to recognize this is going to get all the marbles.

I believe Canada could well be that country, and that capital will flow across her border beyond one's highest expectations. Much of the capital to be invested in Canada need not flow from other countries into Canada. Canadian companies must be encouraged to invest within Canada's borders.

Let me prove to you that my confidence in Canada's awakening is more than mere rhetoric to please members of The Empire Club.

Dow Chemical of Canada alone has invested over 450 million U.S. dollars in Canada since 1942. In five years, that figure will exceed a billion dollars; if you talk in Canadian dollars, about 1.4 billion. My company has invested these dollars, not without considerable risk. However, we are prepared to take this risk in return for the prospect of remaining globally competitive in petrochemicals. Our largest single investment is in the Alberta petrochemical development project. This operation must be able to compete with the major chemical complexes on the Gulf Coast in the United States. It should be remembered that Alberta is landlocked; therefore, transportation and other costs must be reasonable and reasonably non-inflationary if the project is to be competitive with U.S. production.

Two new Canadian investments will triple the nation's ethylene production by 1980. As pointed out before, Dow's Alberta project is the largest single venture our company has ever undertaken anywhere in the world. It probably represents the largest single investment and construction project under way by any company in Canada today. This project could not have been undertaken without excellent co-operation by the government in Alberta and without the help of the Alberta Gas Ethylene Company, Ltd., a wholly-owned subsidiary of Alberta Gas Trunk Line Ltd., and similar help from Dome Petroleum Ltd.

Canada can anticipate a substantial downstream spin-off in terms of new industries and jobs created by the Alberta project. A study of the cumulative effect of job multipliers is mind-boggling. For every four jobs required in processing ethylene, twenty-six more are created in the manufacture of its first derivatives; forty-six more in second category derivatives; and over one thousand jobs in a final category.

There will be adequate opportunity for Canadian companies to take the products produced by our new petrochemical projects and displace a substantial level of fabricated plastic products that are currently being imported into Canada.

Along this line, last September in a speech in this city, our president of Dow Chemical of Canada, Limited, Robert Naegele, made some observations which bear repeating. Mr. Naegele pointed out that if Canada were to divert only one and one-half per cent of its natural gas production—some 100 million cubic feet per day—to the production of ethylene, this would translate into 30,000 Canadian jobs in plants consuming ethylene-based derivatives at the consumer product level.

Look at the measurable and favourable impact this would have in reducing unemployment, in enlarging the tax base and in improving Canada's deteriorating balance of trade picture.

Mr. Naegele further stated, "Canada should use its existing energy surplus to negotiate bilateral trade agreements with the United States, in particular, to promote substantial growth of the manufacturing sector in Canada. For example, if Canada were to export several hundred million cubic feet of natural gas a day to the United States to assist in their current natural gas shortage situation, is it not logical to ask that some of this export be in the form of manufactured products derived from Canadian natural gas?"

You can see Mr. Naegele's point. Current indications are that the United States is willing to discuss such an agreement.

In the long run, there is probably a need for Canada to make bilateral agreements for free trade pacts with the United States, its principal trading partner, for given sectors of manufacturing. Surely Canada should bargain on a bilateral or multilateral basis access to its raw materials in order to gain access for its manufactured goods in foreign markets.

Steady and carefully phased lowering of tariffs is mandated until the costs of goods approach the U.S. competitive costs.

There are hundreds of examples on how Canada can bolster its economy by the value-added process of Canadian plant investment and manufacturing. I won't belabour this point; I give your thought leaders, your government officials and investment analysts due credit to carry my observations into greater detail.

The key to materializing this transformation from the pain of no-growth to dramatic expansion is investment capital. The word is money.

Truly, in the free enterprise system, it is money that talks. Remember, it is money that is a coward. Canadians are not. In free enterprise, if the entrepreneur is given a relatively free marketplace, money will flood into Canada like Niagara.

There is nothing wrong with Canada that cannot be cured if economic boldness will overpower timidity, and confidence erase the preoccupation in planning the economy. Profits are the missing magnet which will pull investment dollars out of hiding. One should not regard profits as money left over after the books are balanced. Profits are the seeds of growth. If Canada creates a climate that generates such seed money, the economy will respond rapidly.

At the outset, I told you I am an optimist. It is my bet that Canadians will soon recognize this economic fact of life, for Canadians, throughout history, have generally shown the ability to think and act smart. That is why I firmly believe Canada is on the threshold of regaining the industrial leadership that could make her the envy of the western world.

The appreciation of the audience was expressed by Mr. Harry T. Seymour, a Director of The Empire Club of Canada.

FEBRUARY 23, 1978

An Industrial Policy for Canada—Time for Fundamental Changes

AN ADDRESS BY John F. D. Bulloch, M.B.A.,
PRESIDENT,
CANADIAN FEDERATION OF
INDEPENDENT BUSINESS

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: Canadian columnist, Peter MacArthur, quotes an epigram dating from the year 1904 which reads as follows, "Every successful enterprise requires three men—a dreamer, a businessman, and a son of a bitch."

Depending on your point of view, our guest of honour today, Mr. John Bulloch, would fit all three of these descriptions.

As a dreamer—which I translate to an innovator—he has created a tangible organization which began as the Canadian Council on Fair Taxation with a few concerned members and has ended up today as the Canadian Federation of Independent Business with a membership of just under 48,000.

In business, John Bulloch managed an independent fuel oil company, is a director and vice-president of his family clothing business, has lectured at Ryerson Polytechnical Institute, has served as director and chairman of Ryerson's Canadian Centre for Entrepreneurial Studies and is on the permanent steering committee of the International Symposium on Small Business.

As to the final qualification, John Bulloch has taken on, and continues to take on, all those he sees as adversaries of owner-managed businesses—government, labour or so-called big business.

For example, he organized the "Don't Skin the Beavers" campaign against the payroll tax increase in 1974 and said at that time, "Our protest is against any government social policy which destroys the incentive to work, taxes Canadians unfairly and increases the cost of the bureaucracy already created by our complex system of taxation and social security."

So much for government. But he has also been critical of the banking community and in commenting on the proposal that perhaps more local banks with provincial financing would improve business financing he said, "Competition is always a welcome force in a healthy economy. However, unless more banks result in more venturesome financing for new and small growing business, they will not be filling the financing gap that has been demonstrated by our own studies. It would seem more fruitful to have existing chartered banks direct larger portions of their savings into the financing of new and growing ventures."

Bulloch is not overly fond of the traditional voices of larger business either—particularly the Canadian Chamber of Commerce and the Canadian Manufacturing Association—claiming that their policies are largely dictated by their major contributors.

When the Business Council on National Issues was formed, Bulloch's reaction was, "Now the big boys won't be able to hide behind small business's skirts. Finally, we're getting a dual approach to business representation."

So, according to MacArthur's epigram, John Bulloch definitely is successful. But then he comes by his evangelical zeal naturally, having been brought up in a fundamentalist environment, and what really motivates him is his conviction that there should be a closer liaison between business and social responsibility.

"What I think we should push for," he says, "is free society—not free enterprise. What's the difference between state socialism and corporate socialism? The unhampered growth of power is the father and the mother of the welfare state."

And John Bulloch's voice is beginning to be heard. In his capacity as the president of the CFIB, he serves as a member of various advisory boards reporting to Prime Minister Trudeau and to Premier Davis. In addition, regular submissions, supervised by him, are sent to all provincial governments.

Peter Brimelow, writing in *The Financial Post*, has said of John Bulloch, "He's in favour of entrepreneurs but not too wild about government help for them. What he really wants are more good Canadian success stories."

I think all of us in this room would say amen to that wish.

It is, therefore, a pleasure for me to introduce to you the president of the Canadian Federation of Independent Business, Mr. John F. Bulloch, who will address us under the title, "An Industrial Policy for Canada—Time for Fundamental Changes".

Mr. Bulloch.

MR. BULLOCH:

Mr. Chairman, members of the head table, ladies and gentlemen: The Empire Club of Canada is the most prestigious platform in the country and therefore it is an honour for me to be here today. I'm so excited, I'm planning to talk for three or four hours! I'm only kidding. As Henry VIII said to his wives, "I won't keep you long."

My remarks today are concerned with the need for fundamental change in Canadian society. Every democratic society in the western world reaches a point in its history when so-called band-aid solutions are no longer effective in reducing social tension and when traditional monetary and fiscal policies are not capable of providing stable prices or the jobs we need. Band-aids have been an effective tool for twenty years in most of the democratic societies in the west and certainly Canada is no exception. It is a way of dealing with pressures as they develop, without really disturbing the underlying power structure. It is a way of dealing with the tensions created by regional and rural disparities, a way of dealing with the tensions created by growing nationalism, specifically in the province of Quebec. It's the way you deal with consumer pressures, environmental pressures, foreign control of the economy, working conditions of the labour force, and so on.

But all we have done essentially in the last twenty years is pass a lot of legislation, build a lot of buildings, fill those buildings with all kinds of interesting people, pass out money left and right, until we have reached the point where the productive sector of our society is slowed right down with this heavy burden of non-productive spending on its back. Our governments have brought under their control everything but their deficits.

Most of the problems that we have created for ourselves are the product of a period of affluence. We are dealing with the age-old problem of democratic societies trying to survive affluence. What our governments have been doing in the past five years is trying to preserve that period of affluence by extensive foreign borrowing, and of course they can't do that forever.

It is encouraging, from the First Ministers' meeting in Ottawa, to see that there is a collective voice now, that there is consensus from our major political leaders that the time has come to get a better balance between private endeavour and public endeavour and to make a serious attempt to roll back the burden of bureaucracy and red tape that is strangling this country.

It reminds me of a story from Britain, a story of a public servant whose job was created in 1803. This public servant had the job of standing on the white cliffs of Dover and looking out over the sea, with spyglass in hand, watching for Napoleon. If he saw Napoleon, his job was to ring a bell. The sun set on that job in 1945. Let's not wait 142 years to sunset about one third of the bureaucracy in this country.

But beyond that, I think the majority of Canadians, certainly a majority of the business community, sense that even if we get a more responsible public sector, even if we improve public attitudes towards the profit system, that alone will not deal with some of our fundamental problems: the decline in our manufacturing sector, public alienation against our institutions, the dual problem of inflation and unemployment, the movement of population out of Quebec and the growing regionalism in the country.

My thesis is that if we want to restore, in this country, social and economic stability and a sense of nationhood, we are going to have to make *fundamental* change. In my judgement, this requires the establishment of new *national* goals, of which two are of the greatest importance.

The first one is the establishment of strong regions, of a greater degree of self-sufficiency in the regions of Canada: I mean the West, Ontario, Quebec, Atlantic Canada and the North. The second national goal should be the development of stronger people. By that I mean Canadian citizens doing more for themselves and relying less on the state, the development of skills and self-discipline in our work force.

I am going to outline four of the major forces at work in western society, and in Canada in particular, that will make the achievement of these goals essential, and you will see that they are not motivated by political philosophy, but motivated instead by political reality. In the order of priority, number one is the industrialization of the less-developed countries (the LDCs); number two, the impact on western society of expensive energy; number three, a decade of relatively slow growth and what that implies; and number four, the Quebec nationalist movement.

There is a lot of misunderstanding about what is happening in the Third World, what we call the less-developed

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President, Canadian Federation of Independent Business
John F. D. Bulloch, M.B.A.,

countries. Most people see some problems in terms of very tough competition for standardized goods, for apparel, for footwear, for women's accessories, for electronic toys and a number of other products, but in reality the threat to the western world from the LDCs is in *all* forms of light manufacturing. The imposition of quotas on these countries is directing them left and right into a wide range of diversified products, and they are entering into joint ventures with western firms and into relationships with subcontractors. And the force at work in the world which is going to make it possible for the LDCs to become increasingly sophisticated in their manufactures is the twenty-year source of highly educated young people who are coming into the work force in all the nations of the Far East, in all the nations of Southeast Asia, in all the nations of South America.

We haven't yet felt the impact of the transfer of capital, technology and jobs that is taking place today, and which will accelerate.

Peter Drucker, who is a world-renowned management consultant and adviser to governments, was a guest speaker at the world conference on small business which was held last October in South Korea. There were sixty nations represented there and we were examining the growing development of enterprise in all of the Third World countries. He estimated that today 20% of world trade is what you would call production-sharing, where the leather for your shoes comes from the United States and the soles are made in one Third World country, the uppers in another, and they are assembled in yet another. And he predicted that within two decades, 50% of world trade would be production-sharing and that most light manufacturing in the western world would slip away gradually to the less-developed countries.

This implies a significant dilemma for the United States and indirectly for Canada. Because, if the United States does not assist in the development of these countries through the transfer of capital and technology, they are facing communist revolutionary movements and a threat to their own national security. The development of the Third World countries for the United States is a foreign policy issue.

This places tremendous pressure on their trading partners, and especially on Canada. The United States has a serious deficit in oil, and also in low-technology goods and they are hoping to balance that by increasing their exports of higher-technology goods to Europe, Japan and especially to Canada. There is going to be substantial pressure over the next ten years to bring the branch plants back home. It has already begun.

The upcoming GATT round of negotiations in Geneva is also going to bring the impact of the Third World to the west three to five years sooner than it would come otherwise. It is going to be very difficult for Canada to get reciprocity in these negotiations. Everybody thinks we can just put the pressure on Japan and on Germany and get a large increase of our exports into their home market to help balance their own export surpluses. But the fact is that these economies have too many domestic problems to handle massive imports. We should stop fooling ourselves that we can greatly increase our exports to our traditional trading partners when they themselves are losing jobs to Third World countries.

What GATT is going to do, I would say, is three things. It will speed up the reality of what is going on in the new "Japans" among the less-developed countries. It will speed up the international rationalization of production of multinational corporations. And most significant of all, especially for the people of this province, is that it will speed up the realization that the old national policy of tariffs, transportation and the use of cheap resources from the outlying regions of Canada will no longer protect the economic power base of central Canada.

There is a bright spot, however. The rapid development of all these Third World countries is going to open up very substantial new markets in resources and agricultural products.

The second force at work is expensive energy. This country is moving from a period in which energy shortages were induced by a cartel to a period, perhaps ten years from now, in which energy shortages will be real on a world scale. For Canada, the problem is really one of price. We have natural advantages that most Canadians have not properly understood.

But in my judgement, the longer we isolate ourselves from world prices the more difficult our eventual adjustment will be. It is not popular to say this in Ontario, but I believe this country made a disastrous mistake in not moving to world prices immediately. You must curtail demand if you are looking at alternative sources that require substantial investments of capital and manpower. As a priority, we must try to bring our growth in energy demands to 1% a year, which is a very tough assignment.

High energy prices will bring in new technology. The trouble with rationing is that it just curtails demand. The price mechanism not only curtails demand but it sends out all the signals to get people working on alternative technology and alternative energy sources. When we let our prices lag behind world prices and our trading partners are at world prices, they are getting another leap ahead of this country in developing new technologies, and that's where we are weak traditionally. We will never be strong until we undertake leadership in particular fields of technology.

I also believe that if we do not give a very high priority to conservation and renewable energy technologies, the soft technologies, we are going to create so much division in our society that we won't be able to get on with the job of putting in place some of the capital-intensive projects, such as nuclear and tar sands plants and pipelines, that we are going to need, regardless of philosophy, in the next ten years. If we don't bring our energy demand down, the squeeze on capital and resources will make it impossible for us to develop the new industries and the new opportunities that we are going to need in the future.

We can be very grateful for the fact that we do live in a country that has the potential of being self-sufficient in energy. There are exciting opportunities in the future for the people in the fields of solar, wood and wind technology. There are great opportunities for people in light metals and plastics and the transportation industry, in microcomputer technology and in all forms of communications that are designed to reduce automobile and airplane travel. When you let those prices move up, you accelerate the development of these alternatives. If you hold them back, you let your competitors get ahead of you.

The third point is slower economic growth. This is also a political no-no. We don't want to face the reality that something fundamental is happening to all the western nations. The idea that you can grow at 5% forever is a joke. It has never happened in the history of the world. If everybody in this room hadn't stopped growing at the age of eighteen or twenty, you'd be eighty feet tall! Periods of fast growth and slow growth are natural in all types of society.

The basis for rapid economic growth in the western world has been twofold: cheap energy and a rapidly-growing work force. None of the nations of the western world can look ahead to either cheap energy or a rapidly-growing work force. The growth-rate of all the labour forces in the western world will slow down dramatically over the next seven years. We are looking at 2 to 4% growth in the western nations during the next decade, and 4 to 10% in the less developed countries.

In Canada, we are becoming a society of older people, and that certainly has a slowing effect on our economy. Governments are the most threatened by slow growth because their money is drying up. They can't buy their way into power anymore. They can't bribe us with our own money. They are all bankrupt. Now that they have spent us into bankruptcy, they have all embraced the free enterprise system. Regardless of their political philosophy, Canadians will have to do more for themselves and rely less on the state.

The era of heavy social expenditures is over. We will find some way of actually cutting back our commitments in a number of areas.

In the education system, our emphasis is going to have to be on skills, on self-discipline, remembering that we are competing in a world where people work seven days a week, sixteen hours a day. To take a trip to the Far East nations, as I have, is like visiting one ant hill after another. People work for 25 or 50 cents an hour, seven days a week, in two shifts. They never stop. They don't even take holidays for fear someone else will take their job. We will have to concentrate on skills, not on the philosophy of doing your own thing.

This country is incapable of working its way out of its unemployment problem in the short term, until the labour force stops growing, about 1983-85, or until the participation rate of married women drops back. Those are the two major factors that government cannot control.

The fourth force at work, especially in Canada, is the nationalist movement in Quebec. If you have studied the history of that province you would have to conclude that what is happening is a very natural evolution. It is not going to disappear with the referendum, even if they lose it, which I expect they will, or even if the PQ is defeated in the next election. The nationalist forces are not going to go away.

The national policy of bilingualism and biculturalism is basically fair, basically decent, but it is not a unifying concept or a unifying force. Those of us who live in Ontario must remember that the concept of two founding nations goes back to the history of Upper and Lower Canada, a concept of Canada that is almost foreign when you get out west.

The province of Quebec is facing a very difficult period. We should be concerned with the welfare of our fellow Canadians in Quebec—the small businessmen who are the typical Quebecers. There are no political leaders in this country from French Canada who are really typical French Canadians. These people face great difficulty in adjusting to the economic reality that is hitting Quebec harder than any other part of North America. The competition of the Third World will devastate that province and they will have to adjust to it, if not now, then later; whether they are part of Canada or outside of it.

In my judgement, the option of separation for Quebec is absolute insanity and sovereignty-association is not politically practical. The great problem for Quebec and all of Canada is trying to deal with the question of sovereignty-association between Canada and the United States. The pressures of the world are going to create a new alignment, north and south, regardless of your nationalist or continentalist position. Quebec cannot avoid the forces that are going to bring about this new alignment.

We could do a lot in this country to reduce the tensions in Quebec as we work towards a new federalism. Much of the tension in this country has been created by the interference of the federal government into the jurisdictions of the provinces. This country is suffering from a disease which I call "overlapping jurisdictionalitis". And the provinces are just as guilty as the federal government. They are down the backs of all the municipalities. Every political leader wants to get his finger into an area where there are votes to be had. We are being strangled by overlapping jurisdictionalitis and that has created a lot of the tension and regionalism in this country.

The decline of the branch-plant manufacturing sector, the growing power of the west, Quebec nationalism, the threat to Atlantic Canada that Quebec nationalism imposes, the new role of government in an era of declining revenues call for new economic goals. And these goals are going to have to be supported by new policy thrusts in the areas of transportation, industrial and commercial policy, and in agriculture. The most critical area that requires immediate action in Canada is a new national industrial policy.

We have been examining this issue and agonizing over it for a number of years. There is one thing that you cannot escape as you analyze the productivity, the exports and the performance of a nation, and that is that the key ingredient in all successful nations is technological innovation. More capital investment can be important, but it is not the key factor. More large-scale plants can have value, but that's not the key factor. Rationalizing our production north and south has some opportunities, but that is not the answer.

Most of us don't understand the innovative process. We all think that you get innovation somehow as the result of a light bulb turning on in somebody's head. We think innovation comes from giving people incentives. It doesn't come from either of those things. Innovation comes from the marketplace. Necessity is the mother of invention. That expression describes innovation. Problem solving in the marketplace creates most innovation. You cannot have an innovative economy when you have a branch-plant economy. They just don't go together.

But we can't take every area in which we have branch operations and turn them into Canadian-owned operations. It is not practical or possible.

What we are going to have to do is develop excellence in a limited number of areas. We are going to have to develop industries with a strong balance of small, medium and large companies, where there is a strong Canadian-ownership presence, where there are more joint-ventures and licensing arrangements, and less branch operations. We are going to have to concentrate on industries that are *natural* to Canada, where special measures to support those industries create the least tension with our trading partners. These will be industries related to our weather, industries related to our geography and industries related to our resources.

We suggest a two-tier set of strategies. At one level, where you are dealing with the major players, the large corporations, the government, the unions and the trade associations, we suggest the use of central committees which Ottawa is already starting to establish to look for the growth areas of the future. We are going to have to have selective measures, such as are employed by every other nation of the world, for procurement policies, selected tariffs, quotas, manpower training programs, and new criteria for the Foreign Investment Review Act, which today is nothing more than a strategy without a goal. We must have a fairly selective strategy for the major players and a different across-the-board set of strategies for the small and medium enterprise sector of the nation.

Despite the high degree of interdependence in manufacturing between large, medium and small enterprises, we require separate policy approaches to strengthen them. In the small firm sector, we are going to have to free up equity capital through tax incentives to individuals and institutions; we are going to have to use trade associations as a vehicle for improving management skills—not governments, not universities—but governments and universities working through trade associations. We are going to have to institutionalize the concept of consortia, where small firms can band together where there is an advantage to be gained in importing or in promotion or in export sales or in purchasing. We are going to have to develop policies to encourage subcontracting, which is the major policy vehicle for building small business in any nation, whether it is government subcontracting or large corporation subcontracting. That means coming up against the labour movement in Canada which has many restrictive policies to prevent subcontracting from governments and business.

In conclusion, this country is undergoing a period of fundamental change. In the short term, it is going to be a period of belt tightening, regardless of what you are reading in your newspapers, and a period of political instability. Canada as a nation is basically strong, stronger even in many ways than the United States, but they are so optimistic by nature, and we are so pessimistic by nature. We have far more going for us than they have south of the border. They just don't know about their own problems!

This country has a very diversified resource base, greater than any nation in the world. We have a highly educated work force. We have a high level of personal saving. We have the ability to be self-sufficient in energy. Look at any of our trading partners and ask, "Who has all four of those?"

Our problem is one of political consensus and political will. We need a vision of Canada that makes sense to the people. Our people are far ahead of our political leaders. We want a vision that makes sense. We must have major new policies enunciated by our major political parties if we don't want to create a proliferation of new parties.

We must remember that national unity does not require national uniformity. I believe that new national goals of stronger more self-sufficient regions, stronger, more self-reliant individuals and a new national industrial policy can excite and unite this great nation.

The appreciation of the audience was expressed by Col. S. F. Andrunyk, O.M.M., C.D., a Director of The Empire Club of Canada.

MARCH 2, 1978

Canadian Foreign Policy—a 1978 Perspective

AN ADDRESS BY The Honourable Donald C. Jamieson,
SECRETARY OF STATE FOR EXTERNAL AFFAIRS

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: In an article entitled *Jamieson—He Makes Politics a Pleasure to the Ear*, Hugh Winsor writes as follows. "The most overpowering feature of Donald Campbell Jamieson—raconteur, entrepreneur, broadcaster and politico—is his voice. The syllables surge up from his toes with the force of a pipe organ played with one foot permanently on the swell peddle. And clarity—each phrase gets individual treatment. Even the pauses are strategically timed. It is a voice that used to blanket Newfoundland like a Torbay fog."

Donald Jamieson is a Newfoundlander. He was born in St. John's. His father was a newspaper editor there and his grandfather was a Scottish fisherman who landed at Swift Current, at the head of Placentia Bay, and settled there.

As a matter of fact, Jamieson is so much of a Newfoundlander that he led the opposition in the Confederation debate—suggesting alternatives that he felt would be better for the island. In his own words, "I was a strongly nationalistic Newfoundlander—a sort of 1940's hippie, I guess. The issue was purely emotional and I see some reflections of it in some of the things that are happening today. It wasn't that I was especially anti-Canadian—I was pro-Newfoundland." And in another article, he said, "I guess you could say that I'm living proof that if you give this country half a chance, you'll acquire a commitment to it."

If there is one word that describes Donald Jamieson it is that word "commitment". Throughout his life this has been a constant.

For example, when it was necessary for him to go to work following the untimely death of his father, Jamieson continued at the same time to strive at his education. When it turned out that the only place where he—a Presbyterian—could take the appropriate business courses was at the Mercy Convent, he continued undeterred and got what he calls "Commercial from the nuns"—resulting in his first job with Newfoundland's Department of Rural Reconstruction.

From there, his star has steadily risen. He got a job as a bookkeeper and ended up as sales manager for the Coca-Cola Company in Newfoundland.

Following his Confederation campaign, he acted as a consultant to those mainland companies who were coming into Newfoundland at that time and this allowed him to eventually found and start the broadcasting company which endures today.

As a broadcaster, he mastered all facets of the industry. He is a past president of the Canadian Association of Broadcasters, and has been an adviser to the federal government on broadcasting over a long period of time.

Perhaps it was because of those advisory tasks that he decided to enter politics. He was elected as the member from Burin-Burgeo—now Burin-St. George—on Newfoundland's south coast in 1966.

In his illustrious political career, he has served as Minister of Defence Production—a department he reorganized and renamed and which is now known as the Department of Supply and Services—Minister of Transport, Minister of Regional Economic Expansion, Minister of

Industry, Trade and Commerce, and now, of course, as Secretary of State for External Affairs.

It goes without saying that Mr. Jamieson brings to External Affairs the same flavour as he has created in all of his portfolios. On a recent visit to his home province, he dropped in at a fish plant in Baie d'Espoir—shaking hands with the somewhat astonished workers.

"Can you imagine that now," said one of the fishermen, "not a week ago that was the hand that shook the hand of Anwar Sadat. Now here he is down here shaking the hands of the working stiffs. Can you imagine that now."

Jamieson, himself, is aware of the impact of his unique brand of statesmanship. "Sure, some of the guys at External were a little spooked at first by the free-wheeling, personalized diplomacy," he says. "Career diplomats have a healthy respect for channels and I understand that. But today . . . I can just as easily pick up the phone and say to Cyrus Vance or David Owen, 'Hi, how the hell are you and I'd like to talk to you about this or that.' "

In short, Jamieson is the Secretary of State for External Affairs with the same verve as he is the Member of Parliament for Burin-St. George and he remains a Newfoundlander.

As such, he has, of course, had to endure on occasion the stories which are sometimes told about, but mostly on, his constituents. In his own words, "Sometimes they hurt a bit, although we've been telling them on ourselves in Newfoundland for years. I guess the favourite one is how do you get forty Newfoundlanders into a Volkswagen? Just tell them you're going to Toronto! And, of course, the way to get eighty in the Volkswagen is to tell them that you're going back home again."

Ladies and gentlemen, it's a pleasure for me to introduce to you the Secretary of State for External Affairs, the Honourable Donald C. Jamieson, who will address us under the title, "Canadian Foreign Policy—a 1978 Perspective".

THE HONOURABLE DONALD JAMIESON: Ladies and gentlemen: Thank you very much, sir, for your very generous introduction. If I had known you were going to say so many nice things about me I would have done the only decent thing . . . and died first. . . .

It is very pleasant to be talking to an audience with such an extensive interest in international affairs. I believe there has not been a predecessor of mine who has not at some time or another had the distinct honour of coming to this club to discuss various matters of international concern. I am not at all sure, however, that any of my predecessors had the same privilege as I have today—to be in the company of such a distinguished head table including several who are experts in the international field, men who have served with the Department of External Affairs in this country with outstanding accomplishments, great dignity and great satisfaction from our point of view. I welcome this opportunity to pay tribute not only to them but also to the first-class professional group that we have developed over the years in this country in the international field.

When I see Dr. Howse among the head table guests, I recall the time a few years ago when he and I very nearly set the province of Newfoundland on its ear. In a television discussion we debated whether or not there was a hereafter and Dr. Howse gave the impression that he wasn't quite sure! The result was that a very large number of people descended on him and on me in one of the most memorable assaults I think I have had. Certainly nothing like it since in politics. It is good to renew my acquaintanceship with him today also.

It is very difficult on an occasion such as this to respond to the suggestion that I talk about Canadian foreign policy in 1978 because there are so many facets to the topic. In the time that is allotted to me it would be quite impossible to do justice to all the matters I would wish to discuss with you and in which you may very well have an interest. In-

The Hon. Donald C. Jamieson, Secretary of State for External Affairs

deed, one of the problems also is that the items I wish to highlight in this overview may not necessarily be those with which you have the greatest concern or the greatest interest. But, if that should turn out to be the case, I would ask your forgiveness. Incidentally, if at any time there are matters relating to foreign policy, about which members of the audience would wish to obtain additional information, I would be more than happy to provide it.

What I would like to do today is to give you some impressions, drawn from my own experience in public life and more particularly as Secretary of State, on the condition of the world today and also on those things which I feel Canada can do something about.

I suppose no audience is more aware than this one that, from the immediate post-World War II period up until fairly recent times, the preoccupation of almost anyone who was interested in international affairs was the so-called east-west confrontation or the relationship between the

Soviet Union and its client states as they may be called, and the United States and its western allies on the other side. For a very long time, certainly throughout the '50s and well into the '60s this was the principal concern of most people who had more than passing interest in international affairs. Of course it remains in many cases a source of concern today.

However, in the last part of the '60s and throughout the '70s, we have seen a new and complex dimension added to the world situation. This is described as the so-called north-south dialogue—the relationship between the developed countries from principally the northern part of the globe and the developing or poorer countries located by and large in the southern part of the globe. I hope to be able to have time to touch on that in more detail in a few moments, but let me simply say here that, as a result of this new dimension, we could very well be said to have "boxed the compass", if I can use a down-east expression. We now have a situation in which, in addition to being concerned about those tensions and the efforts to relieve them which exist between east and west, we have a new set of tensions and they pose a new kind of challenge to the developed world through the north-south dialogue.

In each one of the quadrants of that circle there are innumerable major and minor problems which preoccupy someone who has responsibility in the foreign affairs field. Just to mention a few, there is of course the Middle East and its enormous importance for world peace and security, not only in the political sense but also, as we have learned since the oil embargo, in the economic sense. Then there is Southern Africa with the issues of apartheid within South Africa itself, and the future of Rhodesia and Namibia. There is the Horn of Africa which is causing very great concern to a great many knowledgeable people these days. (One could almost say that within all of the countries of Africa there is still a certain lack of stability which is creating minor and major tensions.)

The United Nations embraces the whole of that circle and is coming under increasing challenge today both from its enemies and, since I have been one of its critics on occasion, from its friends. Let me emphasize that Canada continues to regard the United Nations as an essential instrument which must be retained as an effective means for the resolution of any number of international problems. But there is concern that the United Nations, and particularly certain elements of it, may be losing their efficacy. Canada is committed, and certainly I have undertaken it as a personal commitment, to seek to revitalize some of those elements in the United Nations which ought to be employed more effectively. Regrettably some UN activities (and I'm thinking of the General Assembly) have deteriorated in recent years into what is often a debating society, which does not in fact produce very much by way of really significant results.

But the United Nations remains important to Canada because we believe it is the focal point for two debates which are either ongoing at the present time or about to begin in the near future.

One is disarmament, on which there will be a special session of the United Nations beginning in May of this year. We are seeking to determine what is the most effective and progressive role that Canada can play to bring the world to a realization that the current arms race, not only in nuclear weapons but in defensive armaments as well, is not only something which has an enormous de-stabilizing effect but also tends to cause us to distort our priorities.

Consider the expenditures we are making necessarily now on armaments when in fact we ought to be spending a great deal more in terms of our developmental assistance and other forms of positive contributions to the developing world and to the search for greater peace and stability in the universe. In our own country, for example, just to show you the extent to which there is this distortion, even though it is generally conceded that we ought to be perhaps spending more than at present on defence, the fact is that our expenditures on defence within Canada, a relatively modest-sized country, are four to five times what they are on foreign aid and related commitments. This gives you some idea of what it is like when you extend those figures out to embrace the world community. If we could reach the point where we could get a reasonable and assured level of disarmament, the things we would be able to do with our own domestic economy and the economies of the developing world stagger the imagination. This is an effort which we in Canada ought to continue and ought to accelerate.

The other side of the disarmament question involves nuclear technology. The months and the years immediately ahead are going to be of the utmost importance in terms of whether we can or cannot, to fall back on a stock expression, "put the genie back in the bottle", whether we can achieve some rational way in which the peaceful potential of nuclear energy can be employed while at the same time the equally strong potential for destruction can be minimized. I merely mention this briefly to illustrate the diversity and the complexity of the issues with which we have to cope in trying to determine what Canadian foreign policy ought to be.

So let me then, asking that question rhetorically, proceed to try to give you some ideas as to what I think it ought to be. Basically, I regard Canada's foreign policy as having its roots in advancing and improving our own national interests. I don't make any apologies for that particular approach because it seems to me that one can, against that kind of yardstick, assess almost any course of action you would wish to take. I don't use the word "national interest" in any narrow or selfish or even wholly economic sense. What is important is that Canada's national interest is going to be advanced much better, much more rapidly, much more securely if there is peace and stability in the world. Almost any initiative that we would wish to undertake as Canadians, as the Canadian government, as the Canadian people, in the international sphere can in fact be measured against that yardstick.

But looking at it in a more narrow sense we should have a foreign policy that is designed to help us achieve the level of economic stability and security that is essential for our further progress. One has to look at some rather dramatic figures which aren't stated often enough perhaps but which I think signal clearly where a good deal of the emphasis must go in terms of our activities and in terms of how we assign our resources. If one takes the United States, the European Economic Community and Japan—two countries and a grouping of countries—those three together account for over 85% of all of Canada's external trade. So, of the 140 odd countries in the United Nations, if one is looking at it strictly from the perspective of advancing the Canadian national interest, it becomes perfectly obvious that the essential element must be the closest possible links and co-operation with Japan, with the United States and with the European Economic Community.

If one takes that three-way grouping and separates it still further, the fact is that better than 60% is with the United States. You have a situation where not only is the United States our neighbour in the geographic sense, it is also the major customer for our products and, I don't think there is any question about this, the most important country in terms of whether our economy will move forward or not. I believe and indeed the government believes that the maintenance and the enhancement of our relationships with the United States must take a primary priority. It is therefore the centre-piece as it were of our foreign policy.

Now that does not mean that we are going to come closer to the United States or that indeed we are going to be engulfed by them or that we are going to seek to have some kind of continentalism in North America. Because the European Community is also tremendously important not only in economic terms but also in terms of the general political posture that we wish to take—an outward looking posture in the world. That is why we have developed the third option.

I do not wish to become academic or to go into any great lengths as to what the components of the third option actually are but I think it is evident that we have had a considerable degree of success in terms of the political relationship that we have been able to establish with the European Economic Community. Indeed, Mr. Roy Jenkins, the current president of the Community, is going to be visiting Canada next week and I will be having discussions with him as will the Prime Minister. We have invited the Premier of Ontario and other political leaders across the country at the provincial level to sit and talk with him as well, because we place a great deal of importance, and I do personally, upon the continuation and expansion and strengthening of our links with the Community.

I think that it is also only fair to add that it is too early yet to determine whether or not some of the goals of the third option, as reflected in the Contractual Link with Europe, are going to be successful. Almost simultaneously with the development of the Contractual Link came the oil crisis and everything that flowed from that dramatic event. The economies of Europe at the moment, or the countries making up the Community, are enormously vulnerable as we have seen as recently as this morning in the news.* Therefore this is not the time when it is likely that we can substantially increase our exports or our levels of trade with the Community.

However that does not mean that we need to be equally retarded in our approach to the Community on the political level. In the last few months I have had the satisfaction, for example, of being able to negotiate with the European Community a nuclear safeguards arrangement which permitted the resumption of our exports of Canadian uranium to Europe under what is the tightest safeguards régime in the world. I have also been able to co-operate with France, the United Kingdom and Germany in efforts related to the whole Southern Africa situation. We have what I might describe, in the quite appropriate sense of the phrase, a foot in both camps and I believe this is proper for Canada and I believe it is what Canadians want.

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*A reference to the OECD meetings in Paris to discuss co-operative measures to ease the economic problems of the West.

Insofar as Japan is concerned I can say almost the same thing about our prospects for enhancing our relationship with Japan in the economic sphere. That country, as I think many of you will know, is of course also going through some very difficult economic times and their productivity is slack. Industrial capacity is not being fully employed and it is highly unlikely that we are going to see any dramatic or immediate upsurge in the level of our trade with Japan. But nevertheless, during my recent visit to Japan I think we achieved a good deal, not only in our discussions with the Japanese but also in our discussions among ourselves as to what approach we ought to take to enhance our economic relationship not only with Japan, but with China and the whole of Southeast Asia. I think we have established good, strong, basic ties for the future.

In the political sphere I believe we can call upon support from Japan when there are issues in the international field about which we feel strongly or where we wish to make an impact or to make our views known. For example, when the Soviet satellite crashed over northern Canada, Japan was one of the first countries to come out in support of the Canadian position and I had a call from the Japanese ambassador in Ottawa just the day before yesterday indicating that the Diet in Tokyo had passed a resolution which was fully consistent with the position which Canada has taken with regard to objects in outer space. These kinds of contacts may not always produce visible results immediately but I am satisfied that in those two areas—the Community and Japan—and in the United States our relations are now on an extremely good footing.

I would like to say another word if I may about the United States because of the importance I believe all of us in Canada must attach to it. In the House of Commons recently I made the statement, which was not challenged by anyone, that Canada-U.S. relations today are in the best state that I have observed them for many many years. The relationships are extremely close and cordial. Your president made reference to my comment about being able to phone the Secretary of State and that is precisely the situation. There is also a good, easy working relationship between the Prime Minister and the President and with the whole of the United States administration. I think that has been translated into quite a few worthwhile achievements in the last year or so.

Whatever various people may feel about the wisdom or otherwise of the pipeline in terms of Canadian benefit and the like, and that is still to be argued (I, as you know, am very strongly in favour of it and believe it is very much in our interests), the fact is that this tremendously intricate and enormous project, the largest I think single project of its kind in the history of the world, was achieved over a quite remarkably short period of time and with very little by way of friction between ourselves and the United States. Similarly, the negotiations with regard to the escalation of tolls on the St. Lawrence Seaway on a reasonable basis was brought about without us having to take the formal step of abrogating the treaty and starting a whole process of either judicial, semi-judicial or quasi-judicial negotiations. Also in terms of the Law of the Sea and the 200-mile limit we have been able to work it out and are moving now toward a more permanent arrangement. Of course there is also constant contact between us on various economic matters.

With the objectives for Canada of the strengthening and the maintenance of relations with the EEC, Japan and the United States, I think I can report to you with a good deal of conviction that, from a national interest point of view good relations are in place.

But Canada cannot live in a world in which all of our time and all of our preoccupation is with just a handful of countries, as important as they may be to us. There is another side to the Canadian character that I have detected particularly since I have been in this position. Canada and Canadians want to see a kind of moral foundation for our foreign policy. I think there are times when they want to see the Secretary of State for External Affairs declare himself and declare the country on certain international issues, not because there is anything in it for Canada, indeed there may be no guarantee that there won't be negative results for Canada, but because they believe strongly in those particular views and they want it said. They get a sense of satisfaction when something is said. They are unhappy when Canada does not, again to use the vernacular, stand up and be counted on particular issues. We have a good opportunity, probably out of proportion to our size, in the world community to influence various groupings of countries who can play a significant and decisive role in enhancing and improving, for example, such things as human rights and a whole range of other moral issues.

Canada has this unique position because we are members of the Commonwealth. By the way, I regard Commonwealth membership today much more positively than I did two years ago. I must confess that I was beginning to think that the Commonwealth had passed its prime, and lost its effectiveness. But I believe now that the Commonwealth in its new and altered form is an extremely useful forum that provides us with opportunities that would not otherwise exist for dialogue, for discussion between heads of government, between foreign ministers and to encourage a consensus of views on certain matters.

Our membership in the Commonwealth is a leadership role, both because of seniority in terms of membership and also because of our experience, which has been of tremendous value. Similarly our unique position as a bilingual country gives us a quite special role vis-à-vis the francophone countries of the world and particularly those in the developing world. As a result we have a particular capacity in that huge continent, Africa. Our status with the Commonwealth and with francophone countries gives us the opportunity to speak to both of those large constituencies, to work with them and also to call upon them for support on occasion, when there are issues on which we have a common feeling and which we wish to advance either at the United Nations or in some other international forum. Through our diplomats and through our professionals in the Department we have to be very skilful in working through these kinds of organizations and developing the kinds of consensus which we have seen prove effective, for example at the Commonwealth heads of governments meeting last year in London and in a number of other places as well. I wish I could take the time to give you more specific illustrations.

There are other areas where it is very difficult to know what kind of role Canada ought to play. I am thinking for instance of such major trouble spots as the Middle East. Obviously, if one is practical about it, you have to recognize that Canada is not a major player. Nor is it likely to exert the decisive influence in terms of how the conflict itself is going to be resolved in the Middle East.

Obviously, as I have said on a number of occasions, the last few months have produced a situation in which nothing has changed and yet everything has changed. The whole atmosphere in which the thirty-year-old discussion is taking place has changed markedly as a result of President Sadat's initiative and the events which flowed from that. But there are times when it is wiser for a country such as Canada to refrain either from commenting or from intervening in those kinds of situations. This is one of them, where I feel that we should allow the countries concerned to work as closely as possible together to achieve a solution and not do those things which may have a transitory applause result but which don't really contribute and which may in fact retard the process.

I use that illustration to make another point about Canadian foreign policy. We must, as a country of moderate size, determine where we can be effective. We must determine a rather selective list of foreign policy goals and objectives. It would be quite unreasonable for us, as what has been called a middle power, to be involved in all issues, to seek to do something in all of them, and spread ourselves so thin that we would not be effective anywhere.

We must select those areas where it is important to us that we make our presence known and express our views, but also in those places where we have some leverage. In the case of the Middle East that leverage comes from two sources, although actually in the last analysis they reduce themselves to one.

We are generally accepted as being balanced observers. We have not committed ourselves so strongly to one side or the other as to have lost our effectiveness in terms of talking to them as friends. That stems from the fact that we have of course been the number-one peacekeeping country in the world. I make reference to that because it is again a rather central point of Canada's foreign policy.

On many occasions over the years the question has been asked, is this an appropriate role for Canada? It has been re-examined on a number of occasions and each time the conclusion has been that it is something which not only fits our capabilities as Canadians but which also fits our character as Canadians. I think it gives satisfaction to the people of this country to know that we can reinforce our commitments to peace and security in the world by making our troops available, not for aggressive purposes but to preserve stability in troubled regions. The comeback has been that we are highly respected, in the Middle East, for example, and in other areas where our reputation as peacekeepers is very well known. It is my view that we should continue with this emphasis.

Many have asked me in recent weeks what we would do in peacekeeping terms in Rhodesia or some of the other Southern Africa situations. My response is that as a general principle Canada should be prepared to participate in any peacekeeping activity that may be called for. What we must also discern before committing ourselves to that kind of activity is whether it is going to be effective, so that we won't find ourselves in Rhodesia for sample in a situation where we would be the buffer between whites and blacks. That is not a situation that I contemplate with any enthusiasm and I have made that view known to the Secretary General of the United Nations, also to the Foreign Minister of Great Britain, Mr. Owen, and to others who have asked me about Canada's intentions. But, if the structure of a peacekeeping organization, either for Rhodesia or for Namibia, is one that Canada can participate in effectively, I am prepared to say that we would certainly look at it in a reasonable light.

Having said that, I believe it is also important, harking back to my earlier comments about the UN, to have a more clear and precise mandate for peacekeeping from the organization as a whole. As things stand at the moment it is always difficult to get a commitment for a force to go into a particular area or even to get a commitment that something should be done in a particular area. We have been urging for some time that the United Nations look at not only certain ground rules which would govern the provision of peacekeeping forces, but also that we have a formula which would permit the proper assessment of all the members to finance peacekeeping. For example, we have been in Cyprus for a great many years now, but there are still countries in the United Nations, and not merely underdeveloped countries, with a very real interest in keeping peace in Cyprus who have not in fact contributed to the financing for support of those forces. I must, in the presentation of our attitude on peacekeeping, ensure that, to put it crudely, we don't wind up being the patsy in terms of all of these countries saying, "Good old Canada. They'll take it on and we won't even have to pay our portion of the bill."

Let me just touch on one or two other matters very very briefly. In terms of China, a most remarkable country, from which I have just returned, I doubt very much that anyone who has not been there can comprehend it. Certainly I could not have possibly conceptualized the country without seeing even the small portion of it that I did.

But having done that and having had discussions with the leadership in China, I believe it is going to be important over the next months for us to formulate a precise policy as to how we are to deal with this country with its enormous resources and its population which is fast approaching one billion people. We cannot help but recognize that it is going to be a most potent player on the world scene. I would like to spend a lot of time telling you about it, but I must simply let you know that Canada is conscious of the need for a strong well-thought-out, well-developed approach to Canada/Chinese relations.

The same is true of Southeast Asia. The ASEAN countries are just now emerging as a growing economic force in the world with a population almost two-thirds that of the European Community. This is another area where we must look at what kind of influence Canada can have.

Finally let me just add a word on the nuclear issue. Some of you may have been following it over these last two years, specifically whether or not Canada would resume shipments of uranium to its traditional customers. One thing became very clear and I think one can make this observation of almost all aspects of Canadian foreign policy. We cannot go it alone. There are very few things we can do ourselves, whether it be sanctions against South Africa or the halting of the export of uranium. Unless there is united international action the only result will be one of frustration for us because we will not achieve our goals and there will be losses for us on the economic side as well.

In terms of most of the issues of which I have spoken, the most important thing is that Canada act as a member of some strong element within the international community such as NATO, such as the Economic Summit group of which we are a member, such as OECD. If we do not, then it is very likely that our efforts, as well-meaning as they may be, will not really succeed. They did succeed in the case of uranium because those elements were present plus the ingredient I mentioned a few moments ago—leverage. Here is a prime example of an area in which Canada is a major party in terms of nuclear development, and all the related subjects. We are one of the two or three main suppliers of uranium in the world, at least at the present time. Therefore we have in that area the capabilities and the power, if I may use that word, to bring about a more desirable situation. That is one that we have pushed to the limit. I think you know that we have in place now a régime of safeguards that is the most stringent of any country in the world.

When all is said and done I suppose there is nothing in our foreign policy that is more important than this issue. If we can as a country combine our leverage with our moral convictions against the shocking dangers of nuclear proliferation it may very well be that, even when measured against such things as our performance in foreign aid, our co-operation with other countries and the whole range of activities in which we are engaged, our major role will have been our ability to move the world back from that shocking nuclear abyss.

I hope that I have given you some overview at least of the kind of things in which we are engaged. I am grateful for your attention and for your invitation and let me assure you that I would be very glad to be more specific with you on any item at any time in the future.

The appreciation of the audience was expressed by B. Gen. Reginald W. Lewis, C.D., Second Vice-President of The Empire Club of Canada.

MARCH 9, 1978

Dave Broadfoot's Canada

AN ADDRESS BY David Broadfoot

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: One of the truisms of human experience is that the easier a skill appears, the more difficult it is to acquire. The well-grooved golf swing, the beautifully executed tennis shot, the sailing grace of an acrobat and the effortless beauty of a dancer are all good examples of that fact.

Undoubtedly, ease of excellence is a result of a combination of factors, but mostly it consists of long hours of hard work, talent, practice and dedication.

In the world of entertainment, probably the most difficult art to master is that of comedy. Perhaps this is so because no one really knows or can define precisely what comedy is.

Christopher Fry wrote that "Comedy is an escape, not from truth but from despair; a narrow escape into faith. It believes in a universal cause for delight, even though knowledge of the cause is always twitched away from under us. . . . In tragedy every moment is eternity; in comedy, eternity is a moment." And J. B. Priestley commented that "Comedy . . . is society protecting itself—with a smile."

Despite this lack of definition and the inherent difficulty of "trying to think funny, twenty-four hours a day, seven days a week," as Joey Adams put it, our guest of honour today, Mr. David Broadfoot, has indeed succeeded in achieving excellence. He makes being funny look easy.

Dave Broadfoot was born in North Vancouver into a devoutly religious and strict family. He left school early to work in a shipyard and eventually went to sea and spent five years exploring foreign ports in Europe, Africa, India, and Australia. During his sea career, he studied for his marine engineer's papers—but more important, he used his free time in ports all over the world to go and see stage plays.

The life of a merchant seaman is a lonely one, however, and Broadfoot returned to Vancouver where he took a job selling clothes with his father's wholesale clothing company and later with retail stores. At the same time, he joined the North Vancouver Community Players.

"I was a misfit," he says. "I never really felt part of anything until the first time I got a big laugh on stage."

When that happened, Dave Broadfoot's life changed abruptly and he began to believe in the possibility of a career in show business. He started to work on an act.

"In order to have an act," he says, "you have to learn how to write. And you should probably be able to sing adequately, too. You have to learn how to do everything."

He played his act for the first time in Victoria, British Columbia and in spite of the advice of friends who warned him that stand-up comedians were liable to starve to death in Canada, he said, "I decided to give it a try. I gave myself two years to make it in professional show business and came to Toronto." He arrived the day the CBC began live television broadcasting and, of course, he didn't have to wait for two years. "I didn't have enough material," he remembers. "I wasn't good enough for TV—but I bugged them."

He got his first TV shot and was immediately seen by one of Canada's foremost impresarios, Mavor Moore, who asked him to join the cast of *Spring Thaw*.

From there, his career has been meteoric. His credit sheet looks like a *Who's Who* of the entertainment field and he has worked in England, the United States and spent some six years living and working in Montreal.

Of course, Dave Broadfoot's specialty inside the realm of comedy is that of political satire. In his own words, "To keep democracy healthy we must have free expression of satire about our leaders, our emotions, our religions and our racial divisions. When I do political satire, I use the names of actual politicians and they usually love it. I'm tolerant of them and they're tolerant of me."

Today, David Broadfoot is one of Canada's best known and most respected entertainers. He continues to work on the fragile bond between a performer and his audience. In his words, once again, "There's a curious relationship between a comedian and his audience. You sense how far to go. You get caught up with them."

Of course, Broadfoot is a Canadian.

"My involvement is here," he says, "and I can't avoid it. Here we've got to work harder because we compete with the best from England and the United States. I'm a nationalist—I've come to terms with myself and with my roots. I understand the rhythms of this crazy, wonderful country of ours."

Ladies and gentlemen, it is a pleasure for me to introduce to you one of Canada's great artists, Mr. David Broadfoot, who will address us under the title, "Dave Broadfoot's Canada".

MR. BROADFOOT:

Bon jour, mesdames et messieurs. Good day, my dames and my sirs. Voici le spectacle de David Piedlarge . . . here is where Dave Broadfoot makes a spectacle of himself . . . and vous êtes bienvenue . . . and you're welcome to it.

It has been written by students of history that comedy originated in the sadistic pleasure that people received in observing the misfortunes of others. In other words, comedy began as cruelty. I have performed comedy for the past twenty-six years in Canada—that's not sadistic, that's masochistic—and I believe that today we have come along far enough to be able to laugh at ourselves. I find, for instance, that if I parody a hockey player in front of a group of hockey players, there I will get my biggest response.

"Well, it's a great game at the Gardens tonight, with the final score Toronto Maple Leafs 15, Penticton Pigeons 12. And I have one of the three stars here with me tonight . . . Big Bobby Clobber. Hi, Big Bobby."

"Hi, Big Jim."

"Bobby—you scored forty-two goals last season. Do you think you'll have a better year this season?"

"Well, on that, Big Jim, I gotta say so far this season I got, uh, two goals, so I figger if I get another . . . uh . . . twenty . . . uhhh . . . another forty goals . . . and then add them to the two that I already got, that's going to give me forty and two . . ."

"Forty-two!"

"Right on, Big Jim. Which is what I got last season. Then, of course, if the season isn't ended yet, like we still got one extra game to go and I get another goal in there, well then, that could give me another one. Of course, I'm only guessing on that, because, like, we don't know how the season's going to go, but I believe that with that extra effort out there on the ice, and the kind of spirit the team is showin' out there, with that extra goal we could end up havin' a better season this season than the season I had before this one, which wasn't as good a season as this one could be yet with the other goal that we're talkin' about in the future. So, uh, I have to answer your question with a qualified . . . I dunno."

"Bobby . . . a lot of hockey players get injured in the head every year."

"Whazzat?"

"Do you think hockey players should be made to wear helmets at all times?"

"No way. Only durin' the game."

"Bobby . . . you have an incredible number of teams that you have to play these days. How do you find the game schedule working out?"

"It's ridiculous, Big Jim. Ridiculous. You're playing 363 days outta the year. So how many days does that leave off? Figure it out for yourself. You got one day for a bit of skate sharpening . . . and one day to catch up with the wife. He shoots . . . he scores . . . and then we're back on the road again. Some of the younger guys go back with dull skates!"

It does take a certain amount of nerve to do that before an audience of hockey players. I just don't hang around after the performance. I believe in the theory of the moving target. But I have impersonated a number of political leaders with them sitting right beside me at the head table. I remember once, Lester Pearson had to follow me. He got nicely into his speech and all of a sudden he stopped and said . . .

"You know, I don't know whether I'm doing Lester Pearson, or whether I'm doing an impersonation of Dave Broadfoot doing Lester Pearson."

He always enjoyed it. It never bothered him.

Recently during a performance in Ottawa, I was portraying a flood disaster as it would be done by television news. The City of Windsor had just disappeared in the floodwaters, and we cut to Ottawa for a reaction from Joe Clark, the Leader of the Opposition.

He said, "I think this flood is a very bad thing for Canada, and a semi-bad thing for Windsor. If we're elected, the country I see is a place where men and women can go to bed at night without fear of flooding. The country I see is a place where there is no shortage of tall, well-built dikes. The country I see is . . . Australia."

Well, who should be sitting ten feet from the stage but Joe Clark! He loved it. He came up on the stage afterwards, and he shook me by the throat . . . by the hand. He really did enjoy it.

On one occasion, Mrs. Stanfield was sitting in the audience when I was impersonating her husband reacting to the same flood disaster.

"As, uhhhhhh, the leader of the Progressive Conservative Party, I sssssay that this, uh, flood has produced a . . . wellllll, I believe, I . . . I-I-I believe this flood has produced . . . for one thing . . . a hell of a lot of water."

And she came up and kissed me afterwards.

Of course, I'm obliged to show our acting Prime Minister, Pierre Trudeau, reacting to this same disaster.

"Uh . . . quite frankly, it seems to me the universe is unfolding as it should. After holding our caucus this morning, Otto and I decided that . . . if and when the Great Lakes reach . . . Ottawa . . . we would like to take the Cabinet on a cruise."

But, I have yet to have His Grace in my audience.

I have parodied the RCMP right in their own headquarters. And that was an extraordinary experience. Little did I know, when I accepted the engagement, that it was going to turn out to coincide with the biggest scandal in the history of the force. I entered the building with some trepidation, but I found myself surrounded by a scarlet-coated roomful of ardent *Air Farce* fans. (For the Canadians in the audience, that's a radio show I do here on CBC.)

I was standing there at one point in the act, performing my Corporal Renfrew, in the scarlet tunic.

"The story you are about to hear was taken from the files of the Royal Canadian Mounted Police . . . or as they say in Hull, Quebec . . . doz buggers . . . The story was taken from Mountie files, and until now, has not been missed.

"I was sitting in my lonely log cabin, on the fourteenth floor of Mountie headquarters, with my incredible dog Cuddles, and so on and so on . . ."

When I had finished, I turned away to change out of my scarlet jacket into my tuxedo coat, and Commissioner Simmins of the RCMP took over the microphone. I

MPIRE CLUB
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Dave Broadfoot displays his souvenir of a talk to RCMP officers.

thought . . . oh, Dave, this time you've really done it. I was quite concerned, because I had never been interrupted in the middle of my act before.

He said, "Men, we don't have to take this crap from a corporal. From now on, it's *Sergeant* Renfrew."

He took the three stripes and put them on my arm. Every Mountie in the room jumped to his feet, screaming approval. It was quite a moment.

Then when I had finished my performance, I was presented with a glass case containing all the RCMP insignia. The presenting officer insisted that I open the parcel right then and there. I had to fumble my way through all this wrapping paper, not doing very well, so I covered myself by saying, "I'm really not like you fellows. I'm not used to opening parcels!"

Again they roared their approval. When the Officer in charge of the evening got up to make his final speech, he said, "You know, gentlemen, looking at the scandals the force has been involved with, looking at our recent past, I'd like to use the words of Pogo—'We have seen the enemy and they is us.' "

I didn't hear one defensive remark from a Mountie all evening. That impressed me. They were all making fun of themselves. They know they have to clean up their act. Gathering intelligence is part of a Mountie's job, but they admit now that perhaps gathering intelligence from Members of Parliament was a mistake.

The interesting question for me is why would they enjoy a character like Corporal Renfrew so much? He's not exactly the most qualified or brilliant police officer. He relies for his intellectual guidance on his dog. Cuddles is the type of dog that would run into a burning building and emerge two minutes later with the fire insurance policy wrapped in a wet towel. But I realize that Corporal Renfrew, now Sergeant Renfrew, humanizes the image of the Mountie. The material is written with no malice and performed the same way.

Whenever malice is introduced, comedy becomes self-defeating and at times very divisive.

How useful is comedy? I was asked to do a performance before Her Majesty the Queen in Charlottetown in 1964, at a time when the country was rife with rumours about a possible attempt on her life. It was an extraordinary experience. By coincidence, the day before this command performance, a union leader gangster by the name of Hal Banks who had escaped justice in Canada was seen by a Toronto reporter on a dock in Brooklyn. When I walked on stage I met an audience that was more tense than anything I had seen in my life. In the backs of their minds they had this picture of a possible assassination attempt. There were Mounties in the audience, Mounties in the corridors, Mounties on the roof, in the street.

I thought, "We have to break through this." So I just stood there for a little while, and I looked off into the wings at the Mounties there, and I looked at the Mounties up above me in the flies, standing on the gratings, and then I turned and in bewildered indignation to the audience, I said, "Why are all these Mounties here? Hal Banks has been found . . . he's in Brooklyn."

There was about fifteen seconds of the most incredible silence, and then the roof fell in. The people collapsed and you couldn't stop the laughter. The tension went right out of the audience and it was a wonderful feeling to experience that.

From then on I became totally brash and talked about every problem we had in Canada. It was a tremendous evening. There is always a need to let go.

For instance, here's a letter regarding an appearance I did at the Chateau Laurier two weeks ago.

> Dear Dave. To be asked to entertain an invited group of coast-to-coast Canadians must be a formidable challenge, but you had chemists, vets, crusty government officials and wily businessmen enjoying every minute of your intense hilarious humour. You are to be congratulated for taking us out of our cautious daily ways into such a high-spirited breakdown of the things we used to fear.

I like to dwell on the therapeutic use of comedy. Whether it's a group or a nation or an individual, in any crisis the first casualty, even before truth, is our sense of humour. And once that's gone, we have lost our perspective on the crisis. To me, there is nothing more magnificent than a human being, who in a time of great crisis, can still maintain a sense of humour.

There is an outstanding British cricketer by the name of Freddie Truman. Whenever he's hit with any force on the upper arm, the arm drops out of its socket and then he has to be rushed by ambulance to a hospital. One time it happened and he was taken to hospital in London where a doctor went to work on him and forced the arm back into the socket. He was screaming in agony, and a nurse came over and said, "Mr. Truman, I've been a fan of yours all my life, but now I am shattered at your conduct. I've worked maternity and seen women deliver babies with less fuss than you're making over this arm."

He said, "Did you ever try to force one of them back in?"

To me, that's beautiful. To come up with the right line at the wrong time. Through thousands of years of evolution, we human beings have learned to laugh at ourselves.

Just last week, I was asked to appear on a talk show and to read out the winning jokes in a national joke contest. Fortunately I got there an hour and a half before show time, so I read through the jokes they were asking me to do, and almost without exception they were put-downs of minorities—either Ukrainians, Pakistanis, French Canadians or Newfoundlanders. Talk about divisive. Whether I was right or wrong, I thought I had no alternative but to refuse to participate. The only group that I dare to put down are Anglo-Saxons, because I am one. I feel I have a right to do that. For instance, there is new evidence that Adam, the first man who ever lived, was an Anglo-Saxon. Who else would stand in a perfect tropical garden, beside a perfect naked woman, and eat an apple?

I can rationalize that. I can say I'm making fun of myself. But in a country where divisiveness is rampant I don't feel that it's a comedian's job to contribute to the problem. I want to contribute to the solution. And the best way I can do that is to do my job well. My job is to make people laugh and I do that best by giving voice to the various controversial issues that come along in our country, in the person of my alter ego, the leader of the New Apathetic Party, and member for Kicking Horse Pass.

You'll have to imagine my Stetson hat.

"Do you know what the present federal government is doing about the critically dwindling supplies of energy in this country today? Exactly. Take gas. The OPEC countries say they've got to up their prices, and I would say to Alberta —up yours. (Don't get me wrong, I love Alberta.) The tragedy is that the people in the east do not understand Alberta. They don't understand Jack Horner. You know, Jack Horner was sitting so far back in the opposition back benches, that every time they filled the locks in the Rideau Canal, his ass got wet.

Little Jack Horner
Sat in the corner,
Wishing he had some pie.
So he said to Pierre
I'll sit over there
If you give me a seat that's dry.

And it took the Prime Minister a whole week to make up his mind. Then he said, 'Well, I'm losing Margaret, a functionary no-no, but I'm gaining Horner, a reactionary yo-yo. A seasonally adjusted Liberal.'

"But in Alberta they accept yo-yos. They accept yahoos. You go out to Alberta, you stand in the foothills, surrounded by the greatest livestock the world has ever seen and you ask, 'What is Alberta giving Canada?' And the answer is blowing in the wind. Natural gas is a non-renewable resource. But wind isn't. We'll always have wind. I have that direct from the horse's mouth. What we must do is harness the wind we've got.

"You know, Barney Danson and Don Jamieson love to talk about Soviet nuclear capability, American nuclear capability, Chinese nuclear capability. They never talk about Holland. Why? Because, they know the Dutch have the windmill. They've been working on it for hundreds of years. But they don't want us to know about it. Today Amsterdam—tomorrow the world! With windmills in front of us, dikes behind us, we'll be up to here in tulips.

"We have to develop alternate sources of energy. We have to. I'm not talking about CANDU. I'll tell you what CANDU can done. And where were the RCMP microphones when that swindle was going on? Eh? We had to learn from a leak. Why should we have to have a leak to learn something as vital as that? You know what we learned? We loaned money to Argentina so that Argentina could buy a CANDU reactor from us at a loss to us. And we had to pay bribe money on top of that! It's a brand new concept in economics. Never been tried before. Another Canadian first.

"What's wrong with solar energy? I believe we could have solar energy in this country, and I'm convinced we could get some of it from the sun. The sun shines all day. After sundown, every man for himself. We'll have to get through the night without using any energy at all. Some of us are doing that now. We're not impotent, we're just slightly ahead of our time.

"We are in a conserving age now. I have a letter from a man in Prince Rupert. He cut his heating bill in half last winter. He sealed off all the rooms in his house he didn't need and built himself a bunk bed in his liquor cabinet.

"If we don't find the answers to these questions, we can forget about national unity. At all these conferences all over the country, people are sitting around in rooms talking about national unity and asking, 'What is Canada after one hundred and ten years?' I'll tell you. Canada is ten *big* provinces and two vast wastelands—three if you count Ottawa.

"They say, 'What is a Canadian?' I'll tell you that too. A Canadian is a D.P. with seniority. A Canadian owns a bit of Indian carving, a bit of Eskimo carving and a little bit of chiselling he's done all by himself. Some say, 'Cast your bread upon the water, and it will return to you one hundred fold.' A Canadian says, 'What am I going to do with a hundred loaves of wet bread?'

"Yet if you tell a Canadian he's apathetic, he'll answer, 'Who cares?'

"The world needs Canada. If Canada were not here, the Chinese could sail right across and invade Denmark. And you've got to pay attention to the Chinese. Any people with eight hundred million population, who tell you their favourite sport is ping pong will lie about other things too.

"We have people in this country who sit in envy of every other country. They've never visited South Molucca. They are indifferent negativists, and they are the same people who now say we must use force to keep Quebec in Confederation. Can you picture that? Bringing our army home from Cyprus? If we can borrow a plane . . . when Otto Lang has a week off. Then we fly them all the way across the Atlantic, and the air traffic controllers are on strike and refuse to let them land. So they have to fly all the way back to Cyprus with the same sandwiches. Talk about no frills. Freddy Laker would be embarrassed.

"And we're supposed to think that Quebec won't do something in the meantime—like fit out some tanks with fuzz busters? There's nothing in this country could stop them. They'd roll right down 417, right into downtown Ottawa—not between 4.30 and 6.00 p.m., of course. They'd get there and go straight to the headquarters of the CBC and close it down. Then what would we do? Exactly.

"They'd take the president of the CBC into a small dark room and torture him, force him to watch reruns of *The Nation's Business*, while a helpless government on Parliament Hill tries to negotiate his release . . . by mail.

"I say thank God for Newfoundland. The Newfoundlanders care about where they live. They saw what was happening. The Soviet Union with their fleet were overquota fishing on cod, herring and capelan. That's not a firm of lawyers. It's a group of fish. And they sent a delegation to the Minister of Fisheries in Ottawa, Romeo Leblanc. I didn't make that up . . . that's his name. In English it means 'lover of white'. Not a big name in Africa. But a very big name in Shediac.

"They said, 'Monsieur Leblanc, you've got to do something. Put yourself in the position of that capelan. If that was your name, would you want to be taken off to the Soviet Union? Or Newfoundland? That's the choice facing the fish. Go like hell, or come by chance.'

"He said, 'I don't want to get in a fight with the Soviet Union. It's the only union I'm not in a fight with.'

"So they gave up, but at least they tried. Too many Canadians spend their time envying the rest of the world, and especially the Americans, a people who have problems we can't even conceive of. Americans have dandruff. We have Resdan in this country. They talk about their Jack Daniels bourbon. We have Red Rose tea. Only in Canada! Sure, it's a pity. Americans are plagued with organized crime. We have provincial liquor boards. American politicians can be bought. You can't buy a Canadian politician. You rent them. They talk about their Evel Knievel. We have Jean Marchand. We have two languages. You say bilingual to an American and he thinks you're talking about a man who likes to wear women's clothing. Americans lost billions in Vietnam, while we had the Olympics right in Montreal. They put a Viking on Mars. We had trouble finding a satellite on earth.

"But most important of all, Americans never know whether their leaders are telling them the truth. Now, *we* don't have that problem!"

If you got something out of what I have said today, I am delighted. If you got nothing, I'm Darcy McKeough.

The appreciation of the audience was expressed by Mr. Norman B. Hathaway, a Director of The Empire Club of Canada.

MARCH 16, 1978

Ireland Today

AN ADDRESS BY The Honourable George Colley, T.D.,
DEPUTY PRIME MINISTER OF IRELAND

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: Tomorrow is St. Patrick's Day—a time when everyone becomes Irish, if only for a moment. Green becomes the colour of the day (and I hope you will have noticed that we at the head table have jumped the gun a little bit) to the extent that many pubs and beer halls in Canada will be serving "green" beer over the weekend and, of course, that famous fast food chain that "does everything for you" is serving shamrock milk shakes.

Truly, all the world loves the Irish—on St. Patrick's Day, or any other day, and perhaps G. K. Chesterton said it best in verse, but not in dialect, when he wrote, "For the great Gaels of Ireland are the men that God made mad, for all their wars are merry, and all their songs are sad."

Our guest of honour today, the Honourable George Colley, is, of course, Irish. He was born, raised and educated in Dublin, graduated from University College, Dublin, and qualified as a solicitor in that city in 1948. He served as chairman of a number of joint labour committees under the labour court until the political bug bit him and he was elected to the Irish Parliament (or more properly, the Dáil Eireann) in 1961, and he has been re-elected ever since.

During his career in government, Mr. Colley has served in an enormous number of portfolios including leader of the Irish parliamentary delegation to the Council of Europe, parliamentary secretary to the Minister of Lands, Minister of Education, Minister of Industry and Commerce, Minister of Gaeltacht (the Irish-speaking areas), Minister of Finance and Chairman of the OECD Council of Ministers.

During a lull of four years when his party was not in power, Mr. Colley was opposition critic on finance, and following the successful election campaign of 1977, he was appointed Deputy Prime Minister, Finance Minister and Minister of Public Service.

In addition, he has served as chairman of the board of governors of the International Monetary Fund and the International Bank for Reconstruction and Development.

Obviously, our speaker is a man of many and varying experiences. Those of you who were in this hotel on September 9th, 1969 are well aware of that fact, because it was on that date that George Colley last addressed The Empire Club of Canada as Minister of Industry and Commerce of his government and the full text is, of course, available in the yearbook of that period. This is, of course, the great strength of The Empire Club of Canada—that the history of our country and of other nations can be realized in the first person by people who have experienced the times—not electronically edited, but individually, live, in person.

Today, Mr. Colley joins the ranks of those who have addressed the club on more than one occasion. The list of multiple speakers is illustrious and it includes such prominent people as John A. MacDonald, Billy Bishop, Robert Borden, George Drew, and John Diefenbaker.

I suppose it's not really fair to go back and see if what was said in 1969 can be borne out today, nearly ten years later—but I'm going to anyway.

Certainly the economic part of Mr. Colley's message has been proceeding in an orderly fashion, much as he laid it out on that day. As a matter of fact, events have proved not only Mr. Colley to be correct but also vindicate the address given by John F. Kennedy to the Irish Parliament in 1963 when he said, "Ireland is moving in the mainstream of current world events. Your future is as promising as your past is proud and your destiny lies not as a peaceful island in a sea of trouble but as a maker and shaper of world peace."

But having discussed the economy of his country, Mr. Colley touched upon the problems which have beset his "Emerald Isle" (to use his words), and which continue to do so.

He said to us at that time, "We say to our people in the north—and they are all our people—that we, on our part, are ready to repair omissions. We invite them now to share with us a new adventure in economic, social and moral growth. This is an invitation to join us in building anew."

Needless to say, the invitation is still open.

But the sentiments expressed on that day by Mr. Colley regarding his own country are surely better understood in the Canada of today as compared to the Canada of 1969, as we are undergoing similar strains and designing similar invitations to all our people to try and achieve a similarity of unity.

Ladies and gentlemen, it's a pleasure for me to introduce to you the Deputy Prime Minister of Ireland, the Honourable George Colley, T.D., who will be bringing us up-to-date on events in Ireland since he last addressed us, under the title, "Ireland Today".

THE HONOURABLE GEORGE COLLEY:

Ladies and gentlemen: Although at first sight, because of the difference in magnitude, the economies of Canada and Ireland would seem to have very little in common, there are some similarities and interests in common. The most striking similarity is that both countries have very close economic ties with a larger neighbour. The biggest interest in common is that both countries benefit from fast, untrammelled growth in world trade.

As fellow member countries of the OECD, Canada and Ireland are both committed to striving for the highest sustainable economic growth and employment and a rising standard of living in our countries. We are also committed to contribute to the expansion of world trade on a multilateral, non-discriminatory basis in accordance with international obligations. Because of the openness of both our economies, freer trade and easier access to world markets serves our common interest. Progress in that direction has at times been halting, and is indeed threatened by the aftermath of the recession which followed the oil crisis of the early seventies.

Just as Canada has the larger market of the United States on its doorstep, which exerts tremendous economic influence, so Ireland's trade was traditionally dominated by Britain. Thoughout the 1960s and early 1970s, under government guidance, the trend was towards greater diversification of Irish export markets. This policy took on a new dimension in 1973 when (along with Britain and Denmark) we joined an enlarged European Economic Community. Although our dependence on the British market has declined, developments in Britain still exert considerable influence on us. As Canadians you will appreciate not only the economic constraints that can be imposed by proximity to an economically predominant neighbour, but also the wider effects on the culture and material aspirations of the people of the smaller country. Happily both of our societies are succeeding in retaining their individuality despite these pressures.

While there are some similarities between us there are, of course, enormous differences. These are rooted in our very different histories, and in the facts of geography. When the Irish State was founded almost sixty years ago it was, I think it fair to say, economically backward and poor by European standards of the time. Whatever one's view of British rule in Ireland, it is true that under it the economic interests of Ireland were systematically subordinated to

EMPIRE CLUB

The Honourable George Colley, T.D.,
Deputy Prime Minister of Ireland

those of her larger neighbour. It is not too much of an oversimplification to say that Ireland exported people, cattle and money to Britain, and took in manufactured exports in return. The lack of any sizable manufacturing sector was one of the reasons why jobs in Ireland were chronically scarce, and why emigration was a chronic characteristic of Irish society. There was a very large gap between development levels in Ireland and most of Western Europe and North America. Essentially what we have been trying to do since gaining independence, with a fair degree of success, is to reduce, and ultimately close that gap.

Traditionally Ireland relied largely on agriculture as its economic base. Since the thirties we have been building up our industry. At first we concentrated on industry which would serve the home market. The rules of the game in international trade in the thirties were neither fair, nor conducive to the emergence of an exporting industrial state. By the late fifties it was obvious that we had got as much as we could from this policy of industrialization for the home market, and that if stagnation was to be kept at bay, we would have to build up a new, export-oriented industrial structure. This was not an easy decision to take, and even less easy to implement. But we have, by and large, overcome these growing pains, and we have now a vigorous exporting manufacturing sector.

The land of Ireland is still our most enduring natural resource. Government policy has consistently been to do as much as is within our capability to foster agricultural growth, and it has been successful. Our agriculture has made enormous advances. Ireland's membership in the European Economic Community has opened up new prospects for the development of agriculture. Our old dependence on one market for our agricultural products has come to an end. The Irish farmer is no longer trapped in a buyer's market where the customer is able to decide what he wants to pay. As a member of the European Community we now have a strong voice in determining the rules of the game.

Anyone who has seen, as I have, the striking spread of prosperity in the Irish countryside is aware of this. Everywhere one goes there are new houses, young thriving families, prosperous growing country towns, new cars, new schools. The image of the Irish countryside as stagnant and poor, picturesque perhaps but offering a limited life to its inhabitants is, quite simply, becoming out of date.

Emigration was for long not only an outlet for excess population, it was also an escape route from the inherent difficulties of our position as a small island on the periphery of Europe, with limited natural resources. The exodus of successive generations of our youth depleted our greatest natural resource—the vigour and enterprise of the young. Now that emigration has virtually ceased we are faced with a new and welcome challenge, the challenge of employing our people at home. The population is growing quickly. Much of it is very young.

Although 1977 was a good year for Ireland, the government are confident that the economic position of the country can be improved further this year. Of course, we must have regard to trends in the outside world. Ireland plays an active and positive role as a member of the European Economic Community. We realize that our future is indissolubly linked with that of Europe. But at the same time, we are very conscious of the need to preserve and strengthen our valued links with other trading partners throughout the world.

A small economy, such as ours, is particularly subject to the developments and fortunes in the other countries with which it trades. That is why Ireland is always anxious that the leading countries of the industrialized world should recognize the dangers inherent in the persistent underutilization of resources, both human and material, and that they should adopt policies to ensure more widespread economic activity. Towards this end, we would wish to see a greater measure of understanding and co-ordination being reached so that all may avail more fully of the opportunities presented by a prudent expansion of world demand.

The outlook for world economic activity this year is not as encouraging as we would have hoped but we nevertheless expect that the growth in Irish industrial exports will be much better than the world average. While there is some uncertainty about the world economic situation, the Irish government have decided that much can be done internally to put the economy on a firm growth path.

Smaller countries may sometimes be tempted to feel that there is nothing they can do but batten down the hatches and ride out the storm. I do not agree. The medium and smaller nations cannot afford to sit around waiting for the leading economies—the U.S., West Germany and Japan—to pull the rest of us out of the doldrums. We have an obligation to do what we can to get moving ourselves. This was the approach advocated by my party in the Irish General Election last year and it commended itself to the great majority of the Irish electorate.

In addition, inflation, which has had such a damaging effect on the economy in general and on the individual's pocket, has already been reduced from almost 21% in the year to November 1976 to under 9% this week and it is expected to fall as low as 7% in the current year. The outlook for the Irish economy, therefore, is hopeful.

In terms of production and export growth rates our industry is one of the world's leaders. Despite the tremendous improvements that had taken place during the sixties the fact is that a return to normal is not good enough in our case. We cannot accept comfortably a turn-round in the world economy and rest content to float along on a favourable current.

We decided last year that the anticipated improvement in world economic conditions would offer us an opportunity to launch the most ambitious and far-reaching program of development ever undertaken. That program involves a determined assault on our major social evil—unemployment. Even in good times we have tended to put up with a level of unemployment that would not be acceptable in any other modern progressive state. I want to tell you that it is no longer acceptable to us. In recent months we have launched a major job-creation drive in the public and private sectors. We have set ourselves a target of some 75,000 new jobs between now and 1981. What is more we are confident that we will achieve it.

This year's budget, which I introduced in the Dáil last month, was designed to bring about the most favourable climate for expansion ever experienced in the Irish economy. It combined the biggest tax cuts ever given to Irish workers with substantial tax incentives to industry. These tax cuts coupled with moderate increases in income should generate an unprecedented spurt of business and industrial activity. The encouragement of individual initiative has been given a high priority and private enterprise has been given the green light to press ahead at full speed.

Already there are clear signs that Irish business will respond vigorously to the challenges and opportunities offered in the budget. Last year our industrial exports increased in volume by over 17%—three times the figure for growth in world trade. We look forward to a 15% increase in our industrial exports this year. We must maintain this cracking pace and indeed improve upon it. Over the next decade we need to create twice as many jobs annually as we have ever succeeded in doing before, if full employment is to be achieved some time in the mid-80s. This will require determined efforts by the entire community.

Existing industry in Ireland cannot expand rapidly enough to meet our national economic goals; we must supplement the effort by attracting manufacturers from overseas, particularly from North America, traditionally our most important source of outside investment. We expect about half of the new industrial jobs created over the next three years to come from new projects from overseas companies establishing in Ireland.

We fully accept that industries come to Ireland to make profits and we believe that a healthy return on investment is compatible with Ireland's economic interests. Accordingly, our investment incentives are aimed at maximizing return on investment; they include tax-free export profits, grants of up to 50% of fixed asset investment in new industries, generous grants for worker training, and ready-to-occupy factories.

These generous investment incentives and favourable production costs help to boost the return on investment of Irish based manufacturers. For example, the United States is the biggest source of overseas investment in Ireland, accounting for about half the total. Statistics published by the U.S. Department of Commerce in its Survey of Current Business series show that U.S. plants in Ireland are highly profitable operations. For the two years 1975 and 1976, U.S. manufacturing affiliates in Ireland registered an average annual return on investment of 29.5%. This rate of return was by far the highest for U.S. companies in the European Economic Community; it was almost two and a half times the Community average.

There has been a long-established and happily growing economic bond between Ireland and Canada. In recent years there has been a strong Canadian presence in the Irish mining industry and latterly a substantial upsurge in the level of industrial investment by firms based in Canada wishing to sell products directly into the European common market. To date some fifteen Canadian companies have committed over $550 million to industrial projects in Ireland which puts Canada second only to the U.S. as a source of outside investment in Irish industry. By far the largest of these is the massive Alcan Alumina venture which accounts for the lion's share of this total investment commitment.

Northern Ireland is a subject of some complexity, about which misconceptions can be lethal. I should like, therefore, to make our position completely clear.

The policy of the Irish government on the area is a reflection of the aspiration of the overwhelming majority of the Irish people to unity, based on agreement and achieved through the reconciliation of the different sections of the community living in Ireland.

We believe, in particular, that the way forward lies in bringing together the two sections of the community in Northern Ireland. There is little point in dwelling too long on the past but it is important to the understanding of the problem to remember that the government of Northern Ireland was carried on for half a century without the participation, without the possibility of participation, by the minority community. In other words, more than one third of the population of Northern Ireland could never take part in the government by which their lives were ruled. This exclusion contributed and continues to contribute to the alienation, from government, of large sections of the community. And this alienation, in turn, contributes to the sort of situation we see there now.

In speaking of the minority community in the Northern Ireland area it is well to bear in mind that they are part of the majority in Ireland as a whole and they see themselves as such. Their exclusion from any significant influence in government in their own country over more than half a century was matched throughout this period by a systematic process of discrimination in economic and social matters. Industrial development tended to concentrate in Loyalist areas and members of the minority community are most often at the end of the queue when it comes to jobs or economic opportunities. The tragedy is that this approach is unworthy of the basic ethic and sturdy character of the Loyalists themselves. They too are the prisoners and victims of an attempted solution to the Irish problem which was foredoomed to failure.

Half a century of partition, political and psychological, during which the adherents of the two traditions have largely ignored each other beyond restating their mutually exclusive claims, have led us no nearer to a solution. In many ways we are further apart than ever.

Nearly 2,000 people have lost their lives in Northern Ireland and another 20,000 have been injured. This is a greater toll of destruction than occurred throughout the entire War of Independence and, on a proportionate Canadian scale, represents well over 300,000 casualties. It is a central aim of my government to do everything in its power to bring this terrible suffering to an end and to ensure that it will not recur in the future.

It is important to point out that the intransigent Loyalist leaders who have so far succeeded in blocking progress towards a power-sharing administration are defying the will of the overwhelming majority of the British as well as the Irish people. They seem to be unaware of the inconsistency of their position in this regard. The type of loyalty they profess does not apparently extend to heeding the wishes of the British people.

I have had to speak bluntly about the short-sightedness and intransigence of many of those who now lead the Loyalist community. Their present policies do a grave disservice to the people they purport to lead. On the question of power-sharing, for instance, recent opinion polls suggest that the Loyalist leadership does not reflect the true feelings of their own community. Unfortunately in the harsh atmosphere of Northern politics the emotional pressures which are literally "drummed up" at election time tend to drown and overwhelm those on the Unionist side who dare to take a more progressive and conciliatory view.

Unity and reconciliation in Ireland poses no threat to the culture, tradition and character of the Northern majority. Indeed in terms of political "clout" they would wield much more power in an all-Ireland context than they could hope to do under the present arrangement. They would have a major share in the task of shaping the social and political institutions of a new Ireland which could accommodate and respect all the Irish traditions and the treasured cultural heritage of both communities.

In everything I have said I have stressed the need for peace and reconciliation. We totally repudiate the use of violence to achieve our aims. In fact, we have built up our police and army to the highest levels in peacetime and committed large numbers to the border in the campaign against violence. We have changed our laws to make the administration of justice more effective against terrorism. And we have done everything in our power to stop the flow of funds from outside the country to the men engaged in the murderous violence in Northern Ireland. In these policies we have been reasonably successful—but the violence there continues.

Our policy, in total, is based on the need for lasting peace and the belief that it can be achieved only when the basic realities in Ireland are recognized and acted on. In furtherance of this policy the Irish government has called upon the British government to encourage the unity of Ireland by agreement, in independence and in a harmonious relationship between the two islands and to this end to declare Britain's commitment to implement an ordered withdrawal from her involvement in the North. It would appear that our attitude on this matter has been misunderstood in some quarters. There should be no misunderstanding about what we mean by this. We are not calling upon Britain to leave the North precipitately or by any specified date. What we want Britain to do, quite simply, is to remove the negative guarantee that there can be no change in the constitutional status of Northern Ireland until the majority there agree that this can be the case.

Such a guarantee merely assures die-hard Unionists that intransigence will be rewarded and that there is no need for them to consider change in the long term or even, in the shorter term, to accept such changes as will allow the emergence of peace and normal politics in the North of Ireland. As you are aware, there is no devolved government in the North at present; instead the area is ruled directly by the British Secretary of State for Northern Ireland.

The short-term objective of my government—and the British government has given us an assurance that this is also its short-term objective—is to see executive government restored to Northern Ireland. This would not be on the old basis of Unionist dominance, but on a principle of "power-sharing" which will permit the nationalist minority an effective say in government and at the same time allow them to work within consitutional channels for the eventual reunification of Ireland. An administration of this kind would contribute greatly to the reconciliation of the two parts of the community in the North.

I hope that from what I have said you will have learned more about Ireland. It is, in many ways, a very old country, with a history and traditions stretching back thousands of years. But it is also a very new country. It has had control of its own destiny for what, by historical standards, is a mere moment. It has been able to make its own voice clearly heard on the world stage, and to contribute to international co-operation and friendship, for an even shorter time. It is still in the process of discovering its potential, the potential of its lands and seas, and the potential of its people.

In its antiquity, Ireland is part of the Old World. But in its vigorous continuing efforts towards greater fulfilment, it is very much in the spirit of the New.

The appreciation of the audience was expressed by M. Gen. Bruce J. Legge, C.St.J., E.D., C.D., Q.C., a Past President of The Empire Club of Canada.

MARCH 30,
1978

The Conserver Society

AN ADDRESS BY Dr. Ursula Franklin,
PROFESSOR OF METALLURGY
AND MATERIALS SCIENCE,
UNIVERSITY OF TORONTO

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: The relationship between society and technology is surely one of the most tantalizing areas concerning us today, so much so that the results of our ability as people to deal with that relationship may literally decide whether or not we maintain life as we know it on this planet.

Our guest of honour today, Dr. Ursula Franklin, has devoted her life and academic career to the unravelling of that interaction between man's developing power over materials and his talent to use materials wisely, effectively and efficiently.

Dr. Franklin presently holds the title of Professor of Metallurgy and Materials Science at the University of Toronto. But her background in research has placed her in a position which is unique, because in addition to her duties as a professor at the university she carries a cross-appointment with the Institute for the History of Science and Technology, as well as being a research associate at the Royal Ontario Museum.

Dr. Franklin was educated in Germany and graduated from the Technical University in Berlin with a Ph.D. in

Experimental Physics. She came to Canada as a post-doctoral fellow and served as the senior research scientist at the Ontario Research Foundation, working on problems related to industrial metallurgy and industrial processes. Having a long-standing interest in both technology and society and because of her varied scientific background, she was appointed to the Science Council of Canada and chaired its project, code named "The Conserver Society", which reported to the nation in the fall of 1977.

As a Quaker and a pacifist, she would seem to have been the perfect choice to face the challenges presented by the project. She said at that time, "What the Council has come to realize as the focus of the scientific community is that though science, as a purely analytical activity, can exist without society, what cannot exist apart from society is technology, because technology means applying scientific knowledge to a social end."

But technology has also been described by Max Frisch as, "The knack of arranging the world so that we don't have to experience it." And George Grant at McMaster University has written that, "North America is the first continent to be called upon to bring human excellence to birth throughout the whole range of technological society."

So the problems of combining science and human experience are obviously great. In an article in *Saturday Night* magazine entitled "Ursula Franklin—The Humanist of High Technology", Dr. Franklin explains some of the areas that cause difficulty. "Twenty years ago you could take apart a washing machine or an old car and use the parts," she explains. "Not so today. And the same inflexibility has taken over our institutions. So far there isn't so much as one university or community college in Canada that offers a course in solid waste management."

Dr. Franklin's field is both enormous and important. And if it's true, as according to Ulysses Comtois, a Montreal artist, that "The two big tricks of the twentieth century are technology instead of grace and information instead of virtue," then it may also be true that materials and materialism will one day triumph.

But as Dr. Franklin puts it, "All our experience is in gearing society up. We have no experience at all in gearing one down."

Ladies and gentlemen, it's a pleasure for me to introduce to you Dr. Ursula Franklin, Professor of Metallurgy and Materials Science at the University of Toronto, who will address us under the title, "The Conserver Society".

DR. FRANKLIN:

Thank you, Mr. Chairman. Honourable members and friends in the audience: I feel it a great honour to be here, and I also feel the burden of your expertise, singly and collectively, versus mine. What I hope to do is put to you some of the thoughts that have gone into the Science Council's study, not necessarily for the purpose of converting you to what I believe so much as to show you where, in my opinion, one of the very significant trends of this time is going.

Unfortunately, we all do not know enough to predict what the future will be, but the one thing we do know is that the future is the absolutely inevitable consequence of the present. If we have any views and wishes for the future, the best way to implement them is to think, as clearly as we can, where we are and where the extension of what we do now will get us in in the future.

I should, in the beginning, say something about the Science Council of Canada which is represented here by Dr. Kates. The Science Council is a body to whom the federal government, through the Treasury Board, gives some money. By its Act it was, up to very recently, a body of twenty. Now there are twenty-five people on the Council. The stress is more on technology, rather than science. But the basic thought is that one picks about half of its members from industry and half from the academic profession, and one says to them, "You'd better worry about things ahead in the realm of science and technology. Look at decision making, decisions that the nation has to make, and if one assumes that somebody will make a rational decision (which is a bit of a leap of faith), then look at the problems that you see coming in the near and medium term future. Do we know enough to make a good decision? Is our basic knowledge good enough? Combine that knowledge, put it together, and give us the recommendations." That is roughly the frame of reference of the Science Council. The Council has discharged that mandate fairly extensively in commenting on everything from scientific manpower to northern development and resources, and in my opinion, has done so very honourably and competently. The fact that a good number of its recommendations were not taken up is not necessarily to its discredit.

When I joined the Council, a number of major studies had been done. As always, towards the end of such studies, a certain number of loose ends are left, as well as a certain communality of problems. It looked very clearly as if a good number of problems, such as resources or the sea or ecology or technical manpower, had somewhere a common denominator, and that was the utilization of both our physical and our intellectual resources. They involve the question of not only what we are doing, but how we are doing it.

The term "conserver society" comes from an earlier report on resource management, in which it was stated that until Canada has greater respect for a much more conserving resource-management approach, it will not be possible to guarantee the supply of essential materials at payable prices in this country, and this will have very severe effects on our industry. So we picked up this theme, to look at the implications of the conserver society.

I want to discuss it basically in three parts. First, what are the roots? Why do people now talk about these things? Next, what is, in our terms, the definition of a conserver society? What are some of the recommendations that we

Dr. Ursula Franklin (right) with Margaret Scrivener, M.P.P., a member of the club.

have proposed? And last, why do we think these things are important? Why is this a trend worth noting?

The conserver society as a concept has essentially three roots. Its first, and in a sense, latest root, goes back to the discussions of limits of growth and the publications of the Club of Rome, where it became clearer and clearer that there *are* limits to a good number of the activities we undertake. There are physical limits, resource limits, financial limits. There is that whole group of events, thoughts, books, knowledge that lead us in the direction of limits. It is quite clear that a continuation of the approach of the late sixties and early seventies, in terms of utilization and throughput of all resources, is no longer possible. There is a finiteness, regardless of ownership, on what is utilizable on this earth.

There is, however, an earlier root. I call that root the ecological consciousness, because there have been people who said, "Even if we could grow without limits, look at what we are doing to the environment. Look at what is happening in the biosphere." There is a limit to human activity, not only because there might not be enough to go around, but because of the severe and often irreversible effects that human intervention has on the ecosystem.

Then there is a third, and even earlier, root. That is the root of human concern. Well before even the ecological movement started, there were thoughtful and intelligent people who said, "Look at what is happening to human beings. Look at our communities. Look at our factories. Look at our social fabric." It seems that rapid urbanization and industrialization has put strains into the social fabric that may break up the community of people living and working together into increasingly antagonistic groups. So the human condition is the first and most profound root of the concept of the conserver society.

All these things, in a sense, are known and have been known. But what is clear now, and I think this is the new insight, is that one absolutely must deal with all these three constraints simultaneously. Every fool can make one thing better by making ten other things worse. The real difficulty that everyone, in this and other countries, finds himself in, is the necessity to simultaneoously affect those three constraints: the constraint of the reality of limits, the constraint of the carrying capacity of the biosphere, and the genuine constraint of what people can take.

That is why we must step back and ask why we are doing the things we are doing. Is there not, in this day and age, possibly a better and more intelligent way to achieve what we want to achieve, a prosperous and peaceful human community? Must we continue in the way we have gone, or is it possible and *necessary* to change gears? Because when you are in the mud, you don't rev up the engine. You change gears. Is there a way in which we can live and work within the constraints, without making things worse and hopefully improving them in a way that takes all of them into account? There is no solution in making the materials constraint better by making the environmental burden worse, or making the human condition better through measures that would eliminate material wealth.

It was then, when we worked with the committee of the Council, which included Mr. Ran Ide, who is the chief executive officer of Ontario TV, Mr. John Pollock, a director of Electrohome, Gabriel Filteau, Dean of Engineering at Laval, it was at that point that we said we had better put down on paper what we mean by a conserver society before we go into a great song and dance to find out about its implications.

So our first task was to define the conserver society, which was jolly difficult. I had always defined this as a process rather than a product. In my interest in technology, I have become very much aware of the distinction between process and product. Very often, perhaps because of our heritage, we focus on the product and say *that* is desirable, and pay little attention to the process by which is achieved. On the other hand, society very often lives on the process. If you look into ancient technologies, you find out how important the process of doing something was, to the extent that what was being made was often much less important than that process.

I don't know if any of you is familiar with Kurt Mendelsohn's lovely book on the pyramids. Others have also looked at monumentality. They ask, "Why did people make big things when up to then and after that time smaller things would do?" And very often it turns out, as seems to be the case with the pyramids, that these were what we would call winter works programs. There was the need to get a large number of very often foreign people into a culture, to have them together with the main culture, under supervision, and to bring them into the skills of the new community. It looks today as if the building of the pyramids was far more important than the edifices that resulted.

I very much wanted to define the conserver society as a process. It is a different method of decision making in which, in fact, other things beside the product are taken into account.

That didn't carry in my committee, and probably quite rightly so. They were more conscious than I of the need to produce a publishable document. And so I would like to read to you what our definition of the conserver society is, a definition which has served us well and which I don't think, at this point, I wish to change.

The concept of a conserver society arises from the deep concern for the future and the realization that decisions taken today, in areas such as energy and resources, may have irreversible and possibly destructive impact in the medium and long term. The necessity for a conserver society follows from our perception of the world as a finite host to humanity and from our recognition of increasing global interdependence. A conserver society is therefore on principle against waste and pollution. It is therefore a society which promotes the economy of design in all systems, doing more with less. It favours reuse and recycling, and whenever possible, reduction at source. It questions the ever-growing per capita demand for consumer goods artificially encouraged by marketing techniques. It recognizes that the diversity of solutions in many systems, such as energy and transportation for instance, might, in effect, increase the economy's overall stability and resilience. In a conserver society, the pricing mechanism should reflect not just private cost, but as much as possible the total cost of a product to society, including energy and materials, ecological impact and social considerations. This will permit the market system to allocate resources in a manner that more clearly reflects the social needs, both immediate and in the long term.

In many ways that sounds like nothing particularly revolutionary, but it is important because it means, essentially, that it is another way of choosing and costing. In addition, I sometimes say we have to keep three sets of books: the customary dollars and cents books have to be supplemented with some energy accounting. That is a book in which energy is the currency of the material world, and one looks not only at whether one should choose aluminum or steel or plastic from a cost point of view but one considers how much energy goes into making products and how much energy is used by employing them.

We have much better ability to do that energy accounting today than we had even three years ago when we started with this study. A good deal of methodology has now been worked out. You can now go into the library and look these figures up.

We are not so far advanced in our cost-benefit analysis for society. What happens to people? Our social accounting is very inadequate. I think our best intellectual effort in the next decade might well go into finding ways of getting a better assessment of the social and human parameters, so that when we make decisions in a conserver society, these things which in the past were considered to be externalities will become central.

Probably almost the best example is the pricing and costing of energy. I will talk about that later, but first I want to say that the amunition against waste is not just one of "Don't throw out something that somebody else could use." The last few years have shown, in a world-wide intellectual effort of analysis, where really all that energy that we use goes, to what extent we have supplanted labour and people by energy. And that does not just mean ditch diggers or wrappers. When I looked at this I was amazed to see to what extent the possibility to waste, either material or energy, has really cut into those jobs that we consider intelligent jobs.

Imagine you are an architect. Somebody commissions a building or apartment from you. It is then built, in Windsor, in Whitehorse, maybe in Halifax. Over the century, there has been a tendency to overdesign, because energy was cheap. The unit will take too much heating in Whitehorse, too much cooling in Windsor, and the wind will whistle through in Halifax. But if you were designing a unit just for Whitehorse, you would probably design it as it should be for Whitehorse.

Those of you who operate equipment, think about what you have, including all the power in your cars. Things are vastly overdesigned, and not just because of the deliberate wish to waste, but because of the deliberate wish to do the design only once, and then replicate the unit. And that is where my students are put out of a job. They ought to be working in Windsor, to help design a building or modify a plan for that particular site with their specific knowledge. But the cheapness of things that we could waste has lulled us into the habit of replacing judgement and intelligence with cheap materials and energy.

That becomes particularly evident when we look at the energy consumption of other countries. Then you find that Sweden, having the same sort of climate, the same demands of industry, has only 50 per cent of the per capita energy consumption of Canada. I grant you the case of the transportation sector, which is very much vaster in this country. But even if you take that out, there is a great deal of extra energy used in Canada, often to produce things that are not as good, not as well designed and not as competitive as those of Swedish industry.

If you look at this in detail, and there is an excellent book called *How the Industrial Nations Use their Energy*, you find out how much more intelligently things can be done. And that is just one of the profound burdens of these considerations that are not just mine but go on around the world. Because the materials were there and one could dump the garbage somewhere, because energy was there and it was cheap, we came into the habit of externalizing the costs and saving ourselves the judgement needed to do a job as appropriately as possible for the situation in which one finds oneself.

There are many examples. There are buildings in this city that have no light switches: the whole building is either fully lit or fully dark. There are other buildings in Toronto where one can only turn off the lights per floor. Of course, it was cheaper not to install switches, but the idea that you could make a building in which you can only turn all the lights off or all the lights on, or an apartment building with no way to moderate the heat in individual apartments —that is the sort of thing that ought never to have happened and must be corrected very quickly.

In a study in Edmonton, two identical apartment buildings were monitored. In one of them, the tenant paid the rent and paid his hydro separately. In the other, the hydro charge was part of the rent. There was a 40 per cent difference in the use of electricity in these identical buildings. When consumers can see that the intelligent use of energy saves them money, they will act intelligently.

One of the big battles has been the rate structure of hydro in this province: you still pay the largest unit price for the early units of your consumption, and if you use more, you pay less. Recently, the province of Quebec has introduced an inverted rate structure. Not very steeply inverted, but enough so that the consumer benefits from being frugal and you pay more as you use more. That is a common system in Europe, as is the lower pricing of off-peak electricity. We have not taken these reasonably intelligent measures. If you look at the cost of electricity, including the cost of installation, borrowing, financing, you can see how expensive every new kilowatt hour will be, and how much more intelligent it would be to put the money into conservation and better practices.

I will give you one last example, from my own field. Up at Noranda in Northern Quebec is one of the traditional copper smelters, a place where I sometimes go to visit or consult. Until the year before last they fired that colossal smelter with oil. In addition to that, because Noranda is a pretty cold place, for a large part of the year you had to put steam around the oil pipes, otherwise the oil freezes. So not only do you use oil, but in addition to that you use energy to make steam to keep the oil flowing. Perfectly responsible people designed that fairly recently, with no thought that it might be a hare-brained scheme to put a steam jacket around an oil pipe. But that happened.

I spoke to Mr. Hermant at luncheon about the glimpses we get in our department from Japanese industry. Because of their expertise, we very frequently get visiting Japanese industrial engineers. When you look at the process of copper making in Japan, you find that research has gone into it to the point where the whole process is automated, is computerized, in which not one BTU more is expended than necessary. Analysis is carried out so that the best possible conditions are used. There is constant feedback through the computer system. But when you go into one of our mills, you still find old foremen who look at something and say, "Now!" And *then* you cast.

Of course, that is not the optimal condition. And as energy becomes expensive, it becomes more and more difficult for Canadian producers to keep their competitive position. They come to us in the Metallurgy Department and say, "Can you computerize our process?" But they don't even have the base data. They have never bothered to find out what in fact goes in and out. The metabolism of their furnace is totally unknown. It is as if you took a very sick person into a hospital and said, "Operate!" when nobody knows what is wrong with him, nobody has done an X-ray, nobody has done any blood work.

It is in this area that many things are now catching up with us. It is there that a great deal of activity is necessary.

When I speak about these things, I often hear the comment that conservation and that whole approach of doing only what needs to be done will cost us both labour and profit. It is in fact just the other way around. The cost of labour and profit and work is a continuation of the things that we have been led to do because of the immense richness of this country. Often we read that Canada is blessed with immense natural resources. Canada is blessed with cheap power. Sometimes I think it may not have been so much of a blessing. It is like the rich man's son who never learns to work. We have been blessed with riches, but I am not sure that we have been the most intelligent stewards. The time to do something about it is now.

There are many things going on, and we can and must look at the things happening in other jurisdictions. One of my most delightful experiences in the course of preparing this report has been to read the international literature. Far from expectations, the realization of limits, the realization that certain things could not be done the way they had been done in the past did not produce gloom or inactivity. On the contrary, it was as if a fresh breeze came through a suddenly opened window. The innovativeness, the sophistication, the degree of intelligence that was suddenly brought to problems is amazing. Things that were sloughed off in the past as not worth doing, things that looked too theoretical, have suddenly come out. From the most sophisticated, such as the large, beautifully computerized tracking mirrors to trap solar energy in Australia, that follow the movement of the sun to focus its very intense rays into liquified ammonia, producing hydrogen and nitrogen directly from the solar energy stored in that chemical form, to the reasonably mundane problem of redesigning the wood stove, there has been an immense amount of activity and much of it most creative and most useful. However, not many of these things have taken place in this country. If I could leave anything with you in terms of thought, it is that the rest of the world is gearing up for a different future, a future where this sort of vast throughput of cheap material is passé. That doesn't go anywhere anymore and the rest of the world has learned the lesson.

Both processes and devices are beginning to come out now that will find their way into Canada. It would be a very great pity if this again should all be imported technology, if again things as finished products are brought in because we couldn't make up our minds in Canada about the seriousness of the problem, because we appointed another commission on the subject and waited around till somebody else got to work and did the job, for instance, of producing a gas burner that makes much more efficient use of energy than the ones we have now.

Because my name was on the report, I have been visited by inventors. There are inventors and inventors, as you know, but some of them are pretty smart types. I know of a very experienced Canadian who just yesterday left for Turin to sell his invention on gas utilization which combines the properties of the catalytic converter with a very substantial fuel saving. Nobody in Canada, and I have seen the endless correspondence, paid any attention to this at all. It was then tested objectively by the armed forces of another country. They ran cars and trucks for a year with that device and it is now being sold to Fiat.

It makes me extraordinarily sad to see that. That would have been a beautiful technology to have here, and this man has made every conceivable effort to get this under a Canadian production license. The Canadian forces didn't even want to install thirty of these devices in their trucks to try them out—at *his* expense. So there are a lot of places where we have to pull up our socks, because another look at resources, at energy and at human relations is coming. The question is, where will we be?

Let me as a last example, say something to you about recycling. If we are serious about recycling, we should take the connotation of litter and being good Boy Scouts out of it and look at the post-consumer waste as a resource, as something from which we can make things. Then we put ourselves at the point where this country was when the mining industry developed, and say that recycling is a second-generation mining industry. What do you do then? You survey—and you must remember what an impact the geological survey had on the development of this country. You assay. And you map.

There is no such survey in Canada. Assume you were to win the great Wintario prize, and you wanted to go into business doing something that is intelligent not only from a business but from a societal point of view. Suppose you decide you want to use plastic scrap to make things. Lots of things can be made from second-generation plastic, such as buttons or chair backs. You know that the stuff you want are the rejects from factories, post-manufacturing scraps. And you decide you want to have a factory somewhere in the country, a small place, a clean place, where local people can get jobs. Where should you go?

Only the province of Ontario has mapped the occurrence of post-manufacturing plastic scrap. In Ontario, you could go to the Department of Industry and they could show you on the map where manufacturers accumulate plastic waste. You would say, those places are my mines, I want to deal with them. So you would probably locate somewhere in the Kitchener area.

Nowhere else in this country does such a map exist, and for no other commodity does such a map exist. But until we can look at waste in that conserving sense, we have to do the same ground work that this country has cheerfully done for its mining industry.

The Chairman mentioned something that I had said on another occasion. There is no university that teaches solid waste management. That isn't quite true any more. There is now one community college. But there is nobody yet who teaches the assaying of that resource, so that you can look at it and say what it is useful for. When you find an ore body, you can't do everything with it. You need a careful assay. What are the impurities? Can you use the ore for this process? Or for that?

We have done *nothing* of this sort with waste. If we are serious about it, we had better do it, and we need to train people to be competent to do it, because otherwise when we really need to do it we will have to import labour from abroad to handle it. We will need it. It can either be a left-handed, second-rate effort, done too little and too late, where we import both labour and technology. Or it can be a conscious decision, a decision made now to say that this is what we want, this is what we need and this is what we must do as an investment.

We have a large population of young people, all of them well-schooled and not all of them employed in things that are suited to their level of education. Here is a field. And the same is true for new energy sources and a great many other things. So it goes, also, for government, as consumer and employer. We meet the government frequently as regulator, and tend to forget that the government is a very large employer and a very large consumer. The government sets standards, be they standards of durability, or standards of performance.

For instance, in building standards and codes, you can either specify the *content* of materials, or you can specify what the *performance* should be. If you go to performance standards, which this country has not yet done, then you have a good deal more freedom for those who make the material to make something useful with whatever is at hand, to switch suppliers, to switch sources. One such move, from the government as a large purchaser, would give a secure market for those who want to go into these new conserver areas.

All these are things which we should think about seriously. In my opinion, there is an inevitable trend toward the consumer society. The question is, are we getting there for our own benefit, by our own intelligence, under our own steam? Or will we end up being reluctantly dragged into it as a third cousin, and have no pleasure, no challenge, and in the end, very little gain?

The appreciation of the audience was expressed by Dr. Harold V. Cranfield, F.R.C.P.(C), a Past President of The Empire Club of Canada.

APRIL 6, 1978

Multiculturalism, National Unity and the Canadian Economy

AN ADDRESS BY The Honourable Norman A. Cafik,
MINISTER OF STATE FOR
MULTICULTURALISM

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: In the past few years, nothing has pervaded the Canadian consciousness more than the word "culturalism"—biculturalism, multiculturalism, and even uniculturalism.

In the continuing debate as to the direction which Canada must now pursue, following the election of the Parti Québécois in Quebec and their announced intention to separate that province from Confederation, we have, as a nation, been exposed to a staggering number of points of view.

We have created hyphenated Canadians, immigrants who have come here and contributed to the growth and prosperity of this nation. As Dave Broadfoot put it so gracefully a few weeks ago, "A Canadian—unhyphenated—can be defined as a displaced person with seniority."

Frankly, it is not so surprising that a young and developing country would depend for its expansion on people from other parts of the world. It is equally obvious that Canada would be very attractive to many people. The opportunities for freedom of speech and freedom of initiative alone made our country alluring, not to mention space, water, recreation and so on, all of which we who were born here tend to take for granted.

During this period of self-examination, we often hear about the difference between the American approach to their immigration and ours described in terms of melting pot versus mosaic, union versus confederation, the republic versus the parliamentary system.

There is no doubt that an immigrant to the United States is expected to change. As Jean de Crévecoeur wrote in his *Letters from an American Farmer* in 1782, "Here individuals of all nations are melted into a new race of men. The American is a new man who acts upon new principles."

In Canada, we have used the word "mosaic" to describe how new Canadians acclimatize themselves to our society.

Ironically, the term is thought to have been first used in the book *Romantic Canada* (1922), written by an American travel-writer, Victoria Hayward, wherein she wrote of the Canadian prairies, "It is indeed a mosaic of vast dimensions and great breadth, essayed of the Prairie."

So, given the complexities of the issue and the trend of bureaucracy, it is not surprising to find that in Canada we have a Minister of State specifically dealing with the cultures in their infinite variety, our guest of honour today.

The Honourable Norman Cafik would seem to have been an ideal choice to face the challenges of the diversity of Canadian society.

He was born in Toronto of a Ukrainian-Polish father and a Scottish-Irish mother. He was educated just east of this city in Pickering and Oshawa and started his business career in publishing.

Bitten by the political bug, he was initiated by two unsuccessful runs for Parliament and was finally elected in 1968, representing the constituency of Pickering.

In his parliamentary career, he has been a member of the Public Accounts Committee and the standing committee on External Affairs and National Defence; he was Parliamentary Secretary to the Ministers of National Health and Welfare and Consumer and Corporate Affairs; he was chairman of the standing committee on Finance, Trade and Economic Affairs. He was appointed Minister of State for Multiculturalism, and Deputy House Leader in September of 1977.

Prior to his appointment, however, Cafik was a bit impatient. In fact, he hold Mary Trueman in *The Globe and Mail* that, "I've been on the short list for some time—but the short list was always too long."

While he was waiting, his political career was not without controversy. He made news by opposing the *Time-Reader's Digest* bill proposed by the government and by exposing, during his tenure on the Public Accounts Committee, the cost over-runs on the *Bonaventure* refit. He also had the pleasure of representing the government's point of view on the Pickering airport controversy.

Obviously, Norman Cafik is used to the heat and enjoys the kitchen.

As the minister representing Canada's diverse cultures, he has travelled abroad representing this country at international conferences and has been travelling across the nation, speaking to large numbers of ethnic groups.

The best example of the effect Mr. Cafik is having is taken from a report by Ivan Harmata in the Ukrainian newspaper in Winnipeg, following his address to the twelfth Ukrainian Congress. After a column of superlatives about Mr. Cafik's speech, the report closes with the following words which are particularly à propos today. "With the vagaries of politics being what they are, and with the impending general election, no one can say how long the Honourable Mr. Cafik will guide the destiny of his multicultural portfolio. But there is one thing certain, judging by his address to the Ukrainian Canadian Congress, the cause of multiculturalism in Canada has at last found its champion."

Ladies and gentlemen, it's a pleasure for me to introduce to you the Honourable Norman A. Cafik, Minister of State for Multiculturalism, and Deputy House Leader, who will address us under the title, "Multiculturalism, National Unity and the Canadian Economy."

THE HONOURABLE NORMAN CAFIK:

Thank you very much, Mr. Chairman. Ladies and gentlemen: It is a great pleasure and honour for me to be here today, to address such a distinguished audience. Your dedication here in the Empire Club to two fundamental principles, to Canada and to the Commonwealth, is shared by myself, and I am sure, the vast majority of Canadians.

Some months ago I had the great honour and privilege of hosting a luncheon for Her Majesty the Queen, in Ottawa. At that luncheon we had about six hundred leaders of the ethnocultural communities from right across Canada. I had the privilege at that time of proposing a toast and making a few comments. I spoke of the Canadians of many cultural backgrounds and of the contribution they have made to this country. I also spoke of the nature of our policy of multiculturalism.

Her Majesty showed herself, through her questioning of me, to be quite impressed with this new policy, and felt that it had a tremendous application in Great Britain, in relationship to the cultural plurality that exists in that country. She asked me if I would be prepared to meet with some of her advisers, some of her Cabinet in England, to discuss the policy. She also indicated that the policy, although it has not been formalized within the Commonwealth, really is very much like the Commonwealth itself which is made up of many lands, cultures, languages, traditions and histories. In a way, the Commonwealth is probably a precursor of the policy of multiculturalism. It brings together various nations under one common banner and one common allegiance to work together in human terms to create understanding among themselves, to work together for their own economic, social and cultural benefit and to share that example with the rest of the world.

While I was in Belgrade a few weeks ago at the Conference on Security and Economic Co-operation in Europe, I took the opportunity to have a luncheon for the Commonwealth countries who were represented at that conference. I spoke about our policy, and about the human rights issue. I congratulated them for the positions they had taken at the conference, and just generally shared information with them because we all have one thing in common, her Majesty the Queen, and membership in the Commonwealth.

Lord Roberts, Minister of State for Foreign and Commonwealth Affairs for Great Britain, and I spent a great deal of time talking about multiculturalism. He drew to my attention that Her Majesty had talked to him and to the full Cabinet in Britain, expressing her interest in this particular policy direction. Lord Roberts praised the policy at great length there, and at the other dinner that he had in my honour with all the NATO countries. He said he thought it is really the wave of the future, and I think it is.

The policy of multiculturalism was enunciated by the Prime Minister, in the House of Commons, in 1971. The actual policy came out of the studies of the Royal Commission on Bilingualism and Biculturalism which had been established to look into the nature of Canadian society. Their report said that we do not have a bilingual and bicultural country at all—we have a bilingual country but we are multicultural.

The multiculturalism policy is a pragmatic policy which stems from an awareness of the reality of Canada, which is that about 30 per cent of our people are of neither English nor of French extraction, and that we all contributed to the building of this country. The policy encourages the sharing of these cultural heritages and backgrounds with

The Hon. Norman Cafik,
Minister of State
for Multiculturalism

fellow Canadians in an integrated society. We are not encouraging cultural isolation, or cultural ghettos, but encouraging all Canadians to enter into the mainstream of our society with respect and understanding for each other.

The dimensions of human freedom have been expanded by the implementation of this policy. We recognize that when someone comes from abroad to become one of our citizens, they are free to retain their cultural background, and their values. They can do that here by virtue of the freedom offered to all individuals within our land. Multiculturalism has roots in that dimension of freedom within our society.

Every one of us, or our ancestors, emigrated to this country, and together we have created a unique society, a society benefiting from the sharing of our many cultures, traditions, and backgrounds.

It is fundamental to the growth and success of this country that we live together in a spirit of mutual respect, human understanding, and equal opportunity for everyone, no matter what his race or background.

I am not suggesting that we don't have equal opportunity—in large measure we do, and I think the opportunities provided to Canadians of varying backgrounds and races are the envy of almost every country in the world. We have achieved a great deal, but there are still some impediments to which we must address ourselves to ensure that all Canadians, in fact as well as in theory, have equal opportunity with every other Canadian. We must remove whatever impediments may exist to full and equal participation in our society.

We must create conditions through our policy conducive to cultural retention for groups who wish to retain their culture. We don't say as a government that any group is obliged to retain its culture; we live in a free society: those who wish to retain and pass those values on are free to do so.

I read an article, I think it may have been in the Royal Bank's bulletin, which impressed me considerably when it talked about the blandness that would exist in our society if in fact we were just a unicultural country. All you have to do is look at Toronto, and I am sure that the immigration and so on has caused some tensions and some difficulties which we are big enough to be able to overcome, but the fact of the matter is that this city and this country are more stimulating because of the cultures we share here.

Now, the bottom line of this policy is to contribute to human understanding, human understanding between the people who make up this country. If we in Canada, with only twenty-three million people, in a land of enormous size, with a great natural potential, and economic potential, if we can't learn to live together with respect for each other, then we are going to fail as a nation. Worse than that, if we who have pioneered this policy in the world, if we fail in creating goodwill within our society, then how can we ever expect to live in a peaceful and an orderly world? The world has a multiplicity of countries, languages, colours, creeds, and backgrounds, all trying to work together in an international sphere, and if we can't pull it off in this country then not only will we fail but the whole of humanity will fail.

I think Her Majesty was right when she thought of this as a unique policy. I think the Minister in Great Britain was right when he indicated that he felt that this policy is very much needed not only in his own country, not only in the Commonwealth, but in the world. So I think this policy is good for Canada; it is fundamental to this nation.

It's important in terms of national unity; we must dispel the notion that the whole question of national unity relates only to Canadians of Anglo-Celtic or French backgrounds. There are many other people in this country and all of us are Canadians. If we are going to have co-operation in the world we must start at home, and that is what this policy is all about.

The policy of multiculturalism is perceived in negative terms by some. I think that generally Canadians of French background suspect that it may erode their position in Canada and relegate them to some peripheral group. That impression is not justified but we have to deal with it. They don't want to be assimilated by the English-speaking of North America; they want to retain their own language, their culture, and their traditions. That is a legitimate concern of theirs, and they must recognize that it is also a legitimate concern of Canadians of other backgrounds, because they can't have it both ways. They can't have those rights for themselves and deny them to others; there is a commonality of interest there.

Multiculturalism is viewed in negative terms I think by many in the Anglo-Celtic community. Many view it as a new divisive policy, which it is not. It is a policy to create understanding.

The ethnocultural communities largely support the policy but they think it is a political ploy to get a few votes. The fact of the matter is that we are working, through this policy, to benefit all Canadians. When a government does things well they ought to be supported and I have no objection to that whatsoever. But that's not the motivation—it's one of the by-products.

The second thing I want to talk about is national unity. Last night I was at a multicultural meeting in Scarborough, and someone there asked me why the federal government had not addressed itself to these central issues of national unity and divisions within Canada ten years ago, or, why in fact had not governments fifty years ago solved many of these basic fundamental problems of equal opportunity and respect in our society. I drew to his attention that ten years ago when Trudeau came on the scene and did talk about these things, everybody just yawned and fell asleep.

Politicians can only deal with issues when the public perceives them to be issues. If you try to deal with an issue, however real it may be, if it does not rest well in the minds of those who elect their government, then they think that you are creating a phoney issue. If you look back at what Prime Minister Trudeau said ten years ago, you will find that it is not far different from what he is saying today. The only difference is that the Canadian public now understand that his perception of the problems in this country was in fact justified at that time. People are willing to listen now to some discussion about these fundamental issues. We couldn't do these things ten years ago.

That raises another fundamental point. Many people in Canada, if not all, are deeply agitated and concerned about the fact that we have a provincial premier, René Lévesque, who is publicly advocating the separation and breakup of this country. I don't think that this should drive us to despair. His movement onto the political scene in this country has brought some of the real issues into the consciousness of Canadians, and I think that it will contribute to the possibility of their resolution. René Lévesque is only one of a number of separatists that we have had in Canada.

Looking back to the beginning of Confederation one finds that Nova Scotia wanted to get out of Confederation after it joined. One finds that British Columbia tried to separate twice, because the railroad wasn't being built fast enough. Manitoba didn't seem to want to come in at all, but it did.

The development of political life and institutions in Canada shows that in the lifetime of every prime minister the most central issue that had to be dealt with was keeping the nation united. Many of us today tend to think of it as a new phenomenon. It is not, and even after René Lévesque goes, which he surely will, separatism will not disappear.

I don't think René Lévesque has the slightest hope of ever being elected for the second time in the province of Quebec. The public opinion polls give a potential leader of the provincial Liberal Party more support in Quebec than they give Lévesque. It is also significant that more Quebecers support Trudeau than support Lévesque. Lévesque promised that he would put the question to a referendum and that he would not unilaterally abuse his rights as a premier to promote separation. He has violated his commitment and the people of Quebec know it.

National understanding is our most pressing need. In cultural terms we have to understand each other, but we have to also understand ourselves, our country, our institutions and our economy, at the same time. Let's look at a few areas that are counter-productive in our society.

There is the question of regionalism in Canada. I had a meeting with the editorial board of one of the major newspapers in Edmonton a couple of months ago. The editor-in-chief asked me what the federal government was going to do about western alienation, and when were we going to start dealing with the real problems in western Canada.

I replied that I wanted to know what he was going to do about it, because he has more influence on the perceptions of the public, and this problem is a problem of perception. For example, I asked, if they were to make a list of every single law they wanted changed, and every policy they wanted implemented, in the Government of Canada, and I went back to Ottawa and put every one of them in place within a month, then what would they, as news editors, do the Monday after that was accomplished? They would write that it is only tokenism from Ottawa; there must be an election coming; the people don't really care—it's only a few crumbs. Joe Clark would say exactly the same thing.

Many of the issues that divide us are more attitudinal problems than they are real problems. There are some real problems, but if you solved them all, you still would not have solved the problem of perceptions. In the Maritimes, or in Quebec, in each area, everybody is looking at their own particular concerns and they feel that Ottawa is too remote to really care. As long as these attitudes prevail, as long as politicians spend their time in being partisan about these issues, criticizing even the best of policies, we will not be able to develop in unity and understanding to our full potential. There are times when this government deserves praise but you don't hear that praise. We should set aside many of our partisan concerns and begin to look at problems as Canadians, begin to see things in their context.

That leads me to the next area I want to talk about briefly, and that's the economy. The concept of "understanding" implies more than putting a researcher to work and gathering up a few statistics and then saying, "Now I understand the economics of this country." Understanding implies knowing the relationship between isolated facts, putting them into context. Many people seem to see the isolated facts and draw conclusions which are not only invalid but which are counterproductive to the very purposes that we're trying to serve in the economy. We have to do more than just identify problems. Anybody can identify problems. The real challenge to all of us is to identify solutions.

I realize, and the government realizes, that we are in a state of inflation. We also realize that this is one of the major concerns of all Canadians today. We know that it has an enormously negative impact in Canada. Other countries have inflation and sometimes to a greater extent than Canada. We are working with a complex problem.

The value of our currency is very important. In the House of Commons, there were questions relating to the value of the dollar. Two absolutely contradictory views were put forward by two financial critics for the opposition. One person said we should make sure that the dollar doesn't go below a certain level and expressed all the dangers inherent in that, and received great applause from all his backbenchers. Then the other said we should let the dollar float because the lower it gets the better it is for employment, and it would work better for job creation and international competition.

Now I don't know which of those two ideas you people opt for but you can't agree with both. The value of our currency is important, and it's a two-edged sword. If there are benefits for those who are exporting, there are disadvantages for those who are importing.

The overall balance of payments, obviously a problem, has improved considerably in the last couple of years. Government deficits are a real problem which we must solve. There must also be some hard action with regard to changing trends in government spending. We are taking action, but much more has to be done. In the First Ministers Conference we finally evoked for the first time an agreement from all provinces to limit their percentage of increase in spending to less than that of the GNP, which the federal government has been doing for the last couple of years.

In the area of labour-management relations we have made significant progress. Two years ago Canada had one of the worst records in the world of lost time through strikes and other conditions in the labour force. Today it is one of the best in the world. There has been quite a turnaround, but that doesn't give us room for complacency because I am sure those improved conditions were the result of the Anti-Inflation Program.

In the area of unemployment, people ask why we don't create more jobs. It is difficult to do that and decrease government expenditures at the same time. In terms of employment, Canadians have the impression that Canada has failed to provide jobs, but the simple fact is that in terms of job creation in Canada, we have done better than any of our trading partners. More jobs (per capita) have been created annually in Canada in the last ten years than in the United States or any of the OECD countries. This is a positive point that Canadians should be aware of.

Government intervention in business is a real problem. I have worked with the business community and with others to ensure that the government takes into account any adverse impact on incentive in industry that future policies may have.

We really need, as I have been advocating for the last ten years, a cost-benefit analysis of every federal government program to ensure that the money is being well spent, and serving the public interest.

In the case of open-ended funding from the federal government to the provinces, I think we need more control, and we're taking steps to do that now in terms of block funding. The indexed pension programs of the federal civil service are being examined.

One perceives that there is some lack of confidence in our society today. In part, we need to place our problem in the proper perspective and realize that progress is being made. We also need politicians to be honest with themselves and with the people, to recognize past mistakes, and to look for new and better solutions. That takes courage.

We need new solutions. I don't think the same solutions that worked in the past will necessarily work today. For instance, if you want to stimulate growth and employment, traditionally you either cut taxes or you provide more funding into the economy to give people more buying power. But what happens when you give people more buying power today? Maybe they spend it in Mexico, Florida, or the Bahamas, because we now possess most of the basic necessities, things we did not have twenty years ago. We now use increased buying power for luxury things, for travel, or for savings.

When Earl McLaughlin, President of the Royal Bank, examined our economy over the last seven years, he indicated that personal incomes have increased in Canada by 38 per cent compared with 17 per cent in the United States. Investment spending in Canada increased in that seven year period by 168 per cent and by only 107 per cent in the U.S. Canadian corporate profits after taxes increased by 186 per cent during that period, while in the United States corporate profits on the same basis increased by only 179 per cent.

Mr. McLaughlin stated that inflation is a very severe problem, but he talked also about the national peril that would be involved if we were to stop inflation by legislating against food or energy price increases. He said that would not be in the long-term interest. He concluded his remarks by saying Canada's economic performance stands proud under almost any comparison, and I agree with him. Although we must strive for improvements, we must remember that there are positive aspects as well.

In personal consumption over the last ten years, Canada was first on an average of all the OECD countries. The United States was fourth. The increase in Canada was 6.5 per cent and the U.S. had 3.4 per cent increase in the same period.

In real disposable income, we were fourth of the OECD countries at 4.2 per cent, the U.S. had 1.6 per cent. Total number of new jobs created in Canada: we were first of all the OECD countries at 3.2 per cent annualized. The United States were second at 1.8 per cent. Now we might think we have failed, and we have in the sense that we haven't created enough jobs for enough people because of the enormous growth in the labour force in Canada—a higher rate than any country in the western world, but at the same time more new jobs have been created in Canada than in any of the industrialized western countries.

In terms of the growth of our Gross National Product we stood at 42 per cent while in the same period, government expenditures have increased only by 41 per cent.

We don't need to despair on social terms, on economic terms, and I don't think we need to despair of the unity of our nation. When you look at the services in this country, the mileage of paved roads alone, when you look at everything we have developed over the last hundred years, and then you remember the immense size of this nation, the challenges of weather and geography, I don't think any nation in the history of man has achieved so much with so few people.

Now, we are still a young nation, with a long way to go to develop our full potential. It is helpful sometimes to take a look back on the road we've travelled and remember just how far we've come. We need to take pride in ourselves. If we do as well in the next hundred years as we have done in the last hundred years, we will, in my opinion, remain the envy of most of the countries of the world.

The appreciation of the audience was expressed by Catherine R. Charlton, a Director of The Empire Club of Canada.

APRIL 13, 1978

Prescriptions for Post-Control Canada

AN ADDRESS BY The Honourable Darcy McKeough
TREASURER OF ONTARIO

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: Our guest of honour today, the Honourable William Darcy McKeough, once wrote a letter to the editor of the late lamented *Toronto Telegram* in which he said, "As a politician, I am increasingly concerned with the growing alienation from society of many of our more gifted young people. One of the major Canadian tragedies of this century may be the failure of our young people to recognize political action as an important instrument for social change."

Obviously his comments were not autobiographical because Mr. McKeough began his political career at the comparatively tender age of twenty-six when he ran for, and was elected to, the Chatham City Council—Chatham being his home town. By winning that election, Darcy McKeough became the sixth member of his family to hold public office.

So with his political background and opportunity (he was educated at Ridley College in St. Catharines and at the University of Western Ontario in London) Darcy McKeough was obviously headed for greater political heights. To a great extent he has attained them, despite the sometimes sour comments of the media, as illustrated in an article entitled "Darcy McKeough: Somehow the Mantle

Missed". Our guest is described as "a man who had come into the Legislature in 1963 . . . a man with an obvious silver spoon in his mouth . . . and little else for the first couple of years . . . when he was no more than a raucous backbencher."

Raucous or not, Darcy McKeough has experienced political life at its fullest—from the heights, where I suggest he resides today, to the depths, which surely occurred in 1972 when he resigned from the Cabinet for a period of eleven months because of a situation which *Executive* magazine later described as "more of an embarrassment than a scandal".

He has been Minister without Portfolio and member of the Treasury Board, Minister of Municipal Affairs and Minister of Energy. He was appointed Treasurer of Ontario and Minister of Economics and Intergovernmental Affairs in 1975.

He has always been fully involved with his party and its future. He ran unsuccessfully for the leadership in 1971 but, as usual, came out a stronger, more viable personality. As Robert MacDonald wrote at the time, "There is little doubt that Mr. McKeough has emerged from his campaign much tougher and more confident than when he announced."

Our guest's reaction to MacDonald's comment and his leadership bid may well signify why he has been so successful at his chosen craft. "I've really enjoyed the questioning by delegates and mixing with them after formalities. In fact, some of my advisers have complained that I'm spending too much time talking to certain people. The trouble is that I get so interested because I'm hearing from real people."

During his tenure at Queen's Park, very few ministers have had more to do with the shaping of Ontario's destiny than has Darcy McKeough. He is not afraid of controversy—of making the correct, if politically difficult, decisions. He has been referred to as a "regulator", an "authoritarian" figure, and yet no one worries more about the level of public participation in the decision-making process than he does.

"We've got to get government down to the people," he says. "They have to feel they are participating rather than thinking it is all tucked away in distant Queen's Park." And generally, he has been successful in including in the governmental process all elements of society. At the same time, he has succeeded in economic terms in that the level of the civil service in Ontario has actually dropped and the budget is inching towards acceptable levels.

As a matter of fact, he must be a real expert on budgets —having apparently had a hand in developing one for Mr. Chrétien on Monday night.

Ladies and gentlemen, Darcy McKeough is a positive force in Ontario and an effective one. He is renowned for his efficiency. An example of that was included in the biographical material sent to me by his office—a number of pages entitled, "Suggested Introduction for the Honourable W. Darcy McKeough". I can assure you, and I hope he will confirm, that this was not it.

Ladies and gentlemen, it is a pleasure for me to introduce to you the Treasurer and Minister of Economic and Intergovernmental Affairs of the Province of Ontario, the Honourable W. Darcy McKeough, who will address us under the title, "Prescriptions for Post-Control Canada".

THE HONOURABLE DARCY McKEOUGH:

It is once again an honour and a pleasure for me to address The Empire Club of Canada.

This is the third occasion I have had the privilege of speaking to you, and preparing today's remarks has been a sobering experience: I made the mistake of rereading the earlier speeches.

In March of 1969, I spoke to you with unqualified optimism on the agenda for local government reform. That was nine years ago; I'm still responsible for municipal affairs, and I'm still up to my neck with much of the same agenda for reform,

Then I spoke to you again, in November of 1973, as Minister of Energy, about energy policy, and in particular, against the notion that natural gas prices would be indexed to the rising prices of crude oil. That was on the eve of a national energy conference at which I lost the argument, and decisively.

And so, as my vision of 1969 and 1973 might be a little bit frayed, I'm not sure, in view of my past record, that I was wise in accepting your invitation.

I have lasted nearly five years as Treasurer, and survived six Budgets. Despite all that, your executive, in its wisdom, has never asked me for my views on the economy! Perhaps that's because your executive was trying to protect me from myself!

In any case, I decided today that rather than defend my budget, which of course I believe is eminently defensible, I would like to tackle the wider canvas of national economic issues, which will likely dominate our concerns as we move out of controls—starting tomorrow and for some years hence.

I'm not in the habit of putting titles on my speeches; I think it's a dangerous practice. However, in order to help you sell tickets, I was conscripted to come up with "Prescriptions for Post-Control Canada". I'm not sure how that would rate among advertisers, but I hope I didn't scare anyone off.

Since I do not believe Canada and its economy are all that sick, I almost entitled this address "The Non-Existent Disease". However, that would have seriously limited my list of prescriptions. Yet, if I had used the term "Preventative Medicine" I would be right back to OHIP premium increases—a subject I would like to see go away for this noon hour at least.

A great problem today in prescribing good medicine for our country is arriving at a responsible diagnosis. I want

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Hon. Darcy McKeough, Treasurer of Ontario

to deal with challenges that I believe are urgent, and I emphasize at the outset that drift is not an option. However, scare tactics are used too often in the debate about our collective future. I am a Conservative in the Canadian tradition, and I am not wedded to the status quo, but I resent and fear the almost unchallenged pessimism in the country today.

Despair and disillusion are not the badges of sophistication; and panic is not a source of new ideas.

Certainly, the seemingly relentless expansion of the immediate post-war period *is* over. Growth will not come without effort, and Canada's future is not without risks. We are not on Easy Street, and we should do better, but let's be accurate about our circumstances.

The first step we must make is to set aside the unworthy and unfounded notion that this country is winding down.

We are sharing in the problems of the rest of the world, but we are also sharing in its opportunities.

Statistics do not tell the whole truth, but they do not always lie either. And I would like to enumerate a very few which I believe provide a broad and responsible perspective.

In terms of average growth, our economy has outpaced the United States and the OECD total economies since 1973. Indeed, between 1973 and the end of last year, employment growth in Ontario was 4.4 percentage points greater than in the United States and 9.5 percentage points greater than was the case for Japan.

Manufacturing faces significant competitive difficulties, but its problems are not peculiarly Canadian. Again, during this most recent four-year period, real output grew almost twice as fast as in the United States (6.1 per cent compared to 3.1 per cent). Manufacturing employment in Canada is up slightly, while manufacturing jobs in the United States have declined by 2.3 per cent. Over the last four years manufacturing investment in the United States expanded by 58 per cent, compared to growth of nearly 100 per cent in Ontario.

Moderating wage pressures, devaluation of the dollar and an improved productivity performance brought our unit labour cost increases into line with increases in the United States. In fact, last year, on a comparable basis, American unit labour costs increased .3 per cent faster, while their productivity increased 2.1 per cent slower than was the case in Canada.

As well, the figures indicate that Toronto construction costs and net corporate taxes in Ontario are *lower* than most comparable American industrial states.

There are many explanations for the continuing devaluation of the Canadian dollar, but continuing deterioration in our relative cost position and inflation outlook are not now credible reasons.

I know that this statistical exercise strains everyone's patience, but it is vital. Before looking ahead, we should appreciate that the ground we hold *is* good, and that an extreme assault, from either the right or the left, on our existing economic and governmental structures is not justified and would only get in the way of feasible and sensible initiatives.

Tomorrow we begin to dismantle the Anti-Inflation Program. The challenge now, in a freer economy, is to persevere in the fight against inflation, while finding new ways to earn our way ahead.

The big levers of fiscal policy will sustain moderate growth. Furthermore, federal monetary policy is now on the right course to restraining inflation.

However, as much as I would like to, I do not believe we can return quickly to full potential growth without structural changes in the economy and in the practices of our governments. Otherwise, the untenable wage-price-profit spiral that plagued us in the three years before controls will return. That does not offer the prospect of shared or secure national growth.

To conclude and lay my analogy to rest, I do not think we need to go back to the laboratory, but we must take our medicine regularly or we will soon be under the doctor's care again.

Now I think I have arrived at the point where I can make a few assertions about how we proceed.

First, building on a basic agreement:

With all respect to the distinguished speakers who have addressed you on the great choices before our country, those who believe in the market system, as I do, can—and should—move beyond the traditional and philosophic defence of our mixed economy and join more fully in the discussion of *precise* issues and ideas.

From my perspective, it could have come earlier, but nevertheless, a far-reaching and genuine *enterprise* strategy was hammered out at the recent First Ministers' Conference. A consensus has been reached on vital issues including: the need to set goals; to improve investment and the business environment; and to deal head on with sectoral problems.

A partnership between the business community and our community of politicians can hardly be set in granite, but a contract has been offered. The Prime Minister will have to stop his musings, and political leaders generally will have to find more constructive ways of advertising our creativity than drafting national "blue-prints" every six months. But on the other hand, we, in government, who *are* relying on the ingenuity and courage of our enterprisers, should expect a moratorium on the cranky adversarial mentality that has grown between us. Many of the measures we must pursue will be politically difficult and highly complex, and if we are going to succeed, we will need positive advice and support from the private sector.

Second, maintaining public-sector discipline:

In order to restore confidence and greater opportunities to the private sector, all our governments must continue to contain their growth. That is our central responsibility, and on this challenge I believe you can trust the Ontario government.

When I returned to the Treasury in 1975, provincial government spending was increasing at over 25 per cent per year. Every year since then we have reduced our rate of spending. Indeed, for two years in a row, we have come in below our spending estimates and, for next year, we are aiming to hold total spending growth to 7 per cent.

We will meet our commitment at the First Ministers' Conference of holding the spending growth rate below the growth rate of total national income. Indeed, we will do better: spending will be held below the rate of inflation, as we move to a balanced budget, which will free-up even greater resources for productive investment.

The federal government, which I expect will live up to its commitment as well, should, however, be doing better. The 10 per cent increase in their spending for this year is limiting their capacity to meet new problems and underscores the need for tough decisions on public sector manpower and salaries.

Governments have become overstaffed and that is something we cannot afford. Limiting the *growth* rate in government hiring is not an adequate response. Ontario's total public service has declined for three years. At the end of last year, there were 1,350 less people than in March 1975. This is continuing. Indeed, our latest twelve-month figures report a further absolute reduction of just over four hundred positions. On the other hand, federal public service hiring increased by 3,474 last year. They can do better, and if they do, the rewards for government and the economy would be great.

The Anti-Inflation Program has had a dramatic effect in bringing public sector wage settlements in line with those in the private sector, and we want to keep it that way. It is vitally important that public servants accept a share of the real income adjustment that higher energy prices and a depreciated dollar imply. To give full and automatic protection to public servants would create two classes of workers in this society and force those without similar bargaining leverage to bear double the adjustment burden.

We must also bear in mind the burden to our taxpayers compared to those in jurisdictions in which we must compete.

We are budgeting for only a 4 per cent increase in our payroll for this year. That is very tough, but before we are accused of being draconian we should reflect on these comparisons: a full professor, in our universities, costs the Ontario taxpayer almost $10,000 more than in the United States ($35,000 vs $25,845), and a lecturer is paid at least $3,000 more ($16,701 vs $13,369).

Civil service salaries in southern states such as Lousiana are vastly lower, but comparisons here might be unfair. Nevertheless, I think the state of Michigan provides a fair basis of comparison with Ontario, and from that perspective, consider these facts. Last year a computer programmer and a police patrol officer in our government could earn about $1,000 a year more than in the Michigan state government (maximum rates: programmer, $17,184 vs. $16,224; police officer, $17,628 vs. $16,872). Nurses could make $3,000 more ($16,908 vs. $13,692).

I am not suggesting that we do not get value for our money. I think our public institutions are second to none, but we must bear in mind that we must compete in the marketplace with the American states. We cannot expand the burden borne by taxes in isolation from our neighbours.

Third, taming government activity in the marketplace:

Beyond encouraging investment and keeping our tax system competitive and freeing-up resources for the private sector, all governments must rationalize an array of regulatory legislation, if free market forces are going to be most effective in rationalizing economic activity.

Deregulation, for me, does not imply less vigilance in maintaining standards of safety or honesty in the marketplace, but we can roll back mountains of red-tape and regulations, at all levels of government, that were designed to, and have, restricted access to opportunities and the discipline of competition. We know more about stabilizing our economies than we did in the thirties or the sixties, and we need not and cannot retain, forever, many of the measures of those times.

In this respect, we are implementing zero-base budgeting; sunset provisions; and the formal requirement for the assessment of the economic and fiscal impact of all new legislation. We may not be able to roll back our involvement significantly, although I, for one, think we can. But we will be forced to think more carefully before taking new initiatives, and private interests will have to be more convincing for more particular government measures.

The other side of the equation, inevitably, is that government, in the form of tax stimulus, can only play a limited role, if we are ever going to eliminate the present inflationary bias of public-sector debt.

With indexing of the personal income tax, and with our floating exchange rate, we can no longer afford the good old days of massive tax cuts. We went into an election last spring with a budget that provided some $286 million in business tax relief to keep Ontario competitive. We provided an additional $50 million of selective tax stimulus for tourism, energy conservation, and mining development in my last budget. And, of course, we will provide our fair share in financing the temporary reduction in retail sales taxes which Mr. Chrétien proposed in his budget on Monday.

Nevertheless, if we have learned any lesson over the last decade it is that governments must be able to pay their way, and that selective and *temporary* stimulus is all that we can honestly afford. Reducing overall taxes irresponsibly simply means raising more with runaway inflation, which is the most vicious tax of all.

Fourth, strengthening innovation and excellence:

At the First Ministers' Conference we presented a proposal for a tax credit for new jobs in research, design and development. The measure proposed by Mr. Chrétien on Monday night reflects our concern on this matter.

First, it is incremental; it will stimulate *new* investment in research and development. As well, it is not limited only to domestically owned firms. Some 60 per cent of the firms which would likely take advantage of the tax incentives are not Canadian-owned, and many, like the other 40 per cent who are Canadian-owned, are not investing enough in innovation and new technology. Nevertheless, unless we want to kick them out, I believe we should use them fully, as a source of growth, for employment, for innovation and for excellence.

Fifth, strengthening our energy and transportation infrastructure:

While the entire western world has an immense stake in President Carter's determination to implement a comprehensive energy policy, the fact is that Canada will likely be able to put things right well before our neighbour to the south. In terms of pricing, taxing and investment policies, I believe, the dynamics are in place for more efficient consumption and adequate supplies in the next decade.

This is vital, and it is desperately important that we not become complacent or assume that we will succeed without making fundamental changes in our economy. Vast sums of public and private financing will be required and, by necessity, many other demands will have to assume less than traditional shares of growth. If other sectors, generally, try to resist the shift of resources to energy development, we will most certainly face severe cost inflation throughout the economy.

As well, we must upgrade our transportation system. Here, government must maintain its traditional responsibility in nation-building. In particular, in that respect, we are still waiting for the federal government to act on our proposal to improve key rail corridors, for example—Quebec-Windsor.

Sixth, preparing for freer trade:

I have spoken on numerous occasions on our strategic goals at the current round of GATT negotiations, but I would like to say a couple of things about how we conduct ourselves at home.

First, we must make up our minds on the basic question. Do we want to build a more protected society or are we going to face up to the challenges and opportunities of the wider world? For spiritual, and for very pragmatic reasons, I believe we have no choice but to gear up for freer trade.

In choosing that course, however, we must make the best of our opportunities, and that means significant industrial rationalization. Thus, in framing adjustment policy, government must not only ease some of the pain but must encourage our best bets, for instance, our steel, wood, nuclear, agricultural, petrochemical, plastics, and electronics industries.

I believe too that sound large-scale financial institutions are essential to this task. Recognizing the competition and vitality that foreign banks give to Canadian financial markets I am receptive to the idea of formal recognition and supervision of foreign banks operating here. Ontario's major concern, however, is that Canadian banks are able to obtain reciprocal recognition abroad. Canadian banks provide invaluable assistance to our firms in penetrating foreign markets. This should be encouraged by insisting on foreign reciprocity to Canadian recognition of foreign banks in Canada.

We believe there is a place for an intelligent "buy Canada" program. However, along with such a campaign, there should be a commitment by *all* our governments to allow *all* our enterprises to do business in *all* our provinces. We are going to have to tackle the purchasing policies in certain provinces, which discriminate against interprovincial competition. Any balkanizing policy is inconsistent with *any* brand of federalism, even that peddled by M. René Lévesque.

Seventh, developing our human skills:

As the Ontario Economic Council pointed out recently, a significant portion of our unemployment, over the next decade, will be caused by our inability to match labour markets with appropriate skills. This is something we cannot afford.

Skilled tradesmen are essential to the development of manufacturing in Ontario. But traditionally we have relied on other countries to fulfill our skilled-manpower requirements. For example, a recent study of the durable-goods industry in my part of Ontario indicated that fully 73 per cent of the skilled tradesmen employed were trained abroad. Moreover, 87 per cent are middle-aged, while only 2.6 per cent are in their early thirties.

In light of the glaring need to better train our young people, and to improve flexibility in our job markets, my colleague the Minister of Labour, in June, will convene a conference on the labour market. Representatives from labour, business and the academic communities will address themselves to the issue of jobs and skills. This challenge will require a rigorous co-operative effort on the part of all the main sectors of our society.

Eighth, calming industrial strife:

In 1975, industrial disputes caused 359 work-stoppages in Ontario, resulting in 3.2 million man-days of lost output. By 1977, this fell to 230 stoppages and 1.1 million lost working days—a dramatic reduction of over two million days in work stoppages.

We must maintain this pattern despite the fact that without controls government will not be so visible-and-unifying, as a common enemy. Personally, I do not feel government can find magical legislative devices to bring management and labour closer together. But, while European ideas of co-determination do not seem to be appealing models for Canada, changes are required. I find it amazing that so many chief executive officers only meet their union counterparts after both parties are well into the second or third week of a strike or lockout, if at all.

I suppose my advice is a bit gratuitous but our total economic well-being is at stake. We in government will have to bargain very hard with the public service as, I am sure, will the private sector. I believe, however, that private employers and employer associations must come clean on one inescapable reality. Certainly, trade union leadership must admit that their members have a stake in healthy profits and greater productivity, but the labour movement should no longer be fighting for its existence. The labour movement is here to stay as is the Bar Association and the Canadian Manufacturerrs' Association, and only until that is fully appreciated, will common understanding and collaboration effectively take place.

Ninth, maintaining our social commitments more efficiently:

I believe the fight against inflation is a social, as well as an economic responsibility, and it would be wrong and counter-productive to pursue greater economic productivity by abandoning longstanding and legitimate social obligations.

For government to follow such a course, no matter what the temper of the moment, would be unfair, divisive and demoralizing. Therefore, while I do not believe government should undertake major new social policy initiatives for perhaps another five years, the need to continue to reform and reshape existing social policy is immediate and urgent.

Our social policies must be more productive and more efficient, and on this challenge government needs the ideas and skills, not simply of its clients, but of all of you who have a stake in building a *good*, as well as a strong Canada.

Tenth, disentangling our governments:

Finally, of profound importance to our steady economic advance is the task of disentangling much of the overlap and the confusion of tasks between our three- and even four-level federal-provincial-local system.

I will not go on about who does what, but I want to make the point that coherent economic leadership and more effective government urgently requires a down-to-earth effort to sort out exactly what are the primary responsibilities of each level of government in this country and how accountable they are to the people they serve.

Economic concerns must have a significant place in the debate on the reform of our federal structure. From this perspective, economic and constitutional issues are not in conflict, but indivisible.

Ladies and gentlemen, you have allowed me to speak at length on the economy, and I appreciate your hospitality and forbearance. But I will have failed in my ambition today, if I conclude simply on the tactics of *how* we advance.

Realistic expectations are vital—a 32-hour week or a three-martini lunch must be earned—but our most immediate task is to renew and rekindle pride in our country and in its economic system.

Certainly, there is "political uncertainty", but let's put that in perspective. As a free society, Canada is a symbol of social harmony; lawful union-and-business practices; urban safety; and clean politics. As a federal nation, we have demonstrated, only just this week, that diversity and democracy need not frustrate timely and co-ordinated leadership.

We are not immune from error or trouble, but it is time we stopped underselling our assets. Our mixed economy is mature and enjoys wide public support. Our democracy is secure and can withstand a fundamental debate about our future. We have a reputation for honesty; this is not a land of agents' fees.

We have an abundance of apologists, but we are short of salesmen. Canadians should be aggressive international investors, but I believe "smart" money should have confidence in Canada.

With its abundant and diverse resources, its strong institutions and its people, Canada can regain its sense of promise. If we continue to take good medicine, for the right reasons, we can choose to be the star of the remaining two decades of the 20th century.

Thank you very much.

The appreciation of the audience was expressed by Ronald Goodall, C.A., Treasurer of The Empire Club of Canada.

APRIL 17, 1978

Collective Bargaining in the Wake of the Coal Strike

AN ADDRESS BY Dr. F. Ray Marshall,
SECRETARY OF LABOUR,
UNITED STATES OF AMERICA

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: It was a Canadian writer, Robert Fulford, who twisted the utopian aphorism to read, "I have seen the future—and it doesn't work," which is a statement that seems more and more à propos as time goes by.

Certainly our guest of honour this evening, Dr. F. Ray Marshall, must have wondered, during the long and painful negotiations between the coal producers in the United States and their work force, whether anything would ever work again. For work and the men and women who do it are the chief concerns of the Secretary of Labour.

Ray Marshall is a southerner—born in Lousiana—which is west and a little south of Georgia. He was reared in a Baptist orphanage after his mother died when he was quite young. Still in junior high school, he ran away from the orphanage and worked briefly in a dental laboratory before joining the Navy and going to sea during World War II. If he appeared a little young for a radioman, it was probably because he had been somewhat evasive about his age when he volunteered.

Following the war, Marshall went back to his education and although he had never finished secondary school, he was allowed to enter college and graduated from Millsaps College with a bachelor of arts. He followed that with graduate work on a grant from the Rockefeller Foundation and obtained his master's degree from Louisiana State University.

Determined to stay and teach in the south, despite numerous offers from northern universities, he became Assistant Professor of Economics, University of Mississippi. After all, he went to the University of Lousiana, then to a full professorship at the University of Texas, then to the University of Kentucky as Chairman of the Economics Department, and finally back to the University of Texas, from whence he was appointed Secretary of Labour by the new United States President, Jimmy Carter.

Marshall would seem to have been a most logical choice for the post. As Charles Knapp, one of Dr. Marshall's associates says of him, "I think Marshall really feels a kinship with the president. They were both raised in the rural south and they talk the same language. I think they share a bond of mutual respect and admiration."

Ray Marshall agrees. "I felt almost immediately that he was my kind of man," he told James W. Singer in *The National Journal.*

After his appointment, Secretary Marshall found himself almost immediately in controversy. *Business Week* magazine commented that, "Marshall's early propensity for landing in hot spots may be more the result of his native candor and self assurance than any radical or belligerent bent." But he has already been branded as an "extremist" by at least one conservative senator because of his views on labour.

Perhaps his greatest strength, however, is his extremely good relationship with organized labour. For example, William Winpisinger, president of the International Association of Machinists, said of him, "I give Marshall nothing but high marks. He says what he thinks while most guys in government fold up the minute the heat goes on." And Stephen Schlossberg of the United Auto Workers said, "He's the most decent man I've ever met. He's one of those guys who combines a heart, a head and an almost judicial sense of fairness in dealing with people."

Marshall has his own style. He likes free-wheeling discussion, to have ideas presented and challenged before he makes a decision. He uses a group as a sounding board. He tries to consider as many different points of view as possible. As he says, "I don't want my advisors to agree with me, to tell me what I think."

And he is conciliatory. "I don't go out of my way to pick a fight with anybody. I don't think that's a good way to operate."

As a result, he has achieved a substantial amount of success in a relatively short time which includes, of course, the eventual solution of the particularly thorny and difficult coal strike. Perhaps Ray Marshall's days as a kid football player may help explain why this quiet southerner is holding his own in Washington. "The orphanage football team never lost a game," he once told an associate. "No one is as tough as an orphan."

Ladies and gentlemen, it is a pleasure for me to introduce to you the Secretary of Labour of the United States of America, Dr. F. Ray Marshall, who will address us under the title, "Collective Bargaining in the Wake of the Coal Strike".

DR. MARSHALL:

Ladies and gentlemen: It is a pleasure to be here at the Empire Club this evening. This is my first trip to Canada since I joined the Carter Administration, but if this dinner is any indication of Canadian hospitality I hope I become a frequent visitor.

Your main interest in having me talk probably was to hear first hand about the recent coal strike. However, now that the strike is settled, you might be more interested in the lessons we learned from that experience. I also would like to share with you some of my concerns about some international employment problems that relate to energy and coal utilization.

It's now been almost a month since the end of the long coal strike. Now that things have returned to normal in the coal fields, I think it is beginning to be possible to get a better perspective on this well-publicized strike.

The coal dispute clearly was not a model of collective bargaining. In fact, it was a strike that I think will be remembered as an almost unique event, a *sui generis*. Most collective bargaining situations are much more structured than these coal negotiations. The United Mine Workers was a bitterly divided union, greatly complicating the leadership problem. There were also serious, although less publicized, divisions among the coal operators.

This unstructured situation limited our ability to mediate this conflict. It was not enough to follow the usual mediation process of bringing the parties together to agree on a tentative contract. Indeed, we had no shortage of settlements; we had three tentative agreements before we got one that was acceptable to the UMW's rank-and-file.

Despite these problems, I believe that the Carter Administration handled a difficult situation as well as possible. We had two major objectives: (1) to minimize damage to the public, and (2) to facilitate a collectively bargained settlement. These objectives were realized. We helped the parties achieve a collective bargaining agreement and the strike did little damage to the economy or to public safety and health. Despite persistent threats of violence, no one was seriously hurt during the strike. The strike ended without permanent damage to the economy, significant layoffs, or power cutbacks in the midwestern states.

I think we can draw three important lessons from this protracted coal strike. First, the government should avoid intervening in collective bargaining disputes unless absolutely necessary.

The Carter Administration has followed a general non-interventionist policy in collective bargaining. The only consistent exception to this rule is the work of the Federal Mediation and Conciliation Service in trying to facilitate collective bargaining through mediation.

This non-interventionist policy is based on an appreciation for collective bargaining and a fear that intervention will jeopardize the integrity of the bargaining process. During negotiations, there is a danger that one side will believe that it has more to gain from government intervention than from bargaining. Sometimes it is labour that expects to be rescued by the government, other times it is management. But, in either case, one side will have a strong disincentive to bargain in good faith if government intervention is expected.

Consistent government intervention will undermine the collective bargaining process. I have always felt that the strength of the collective bargaining system is that the parties who have a problem, and who understand it best, have the main responsibility for solving it. There is a basic "do something" attitude that prompts many to expect the central government to solve all of society's problems. In the United States, this notion, in the past, has given rise to what has been called "the Imperial Presidency". In a free enterprise economic system, I believe this is a dangerous and unrealistic attitude.

In the coal strike, the Carter Administration followed a non-interventionist policy as long as there was a realistic hope of a negotiated settlement. We intervened when we did, in mid-February, because there was a stalemate in collective bargaining and we feared that the strike would have serious spillover effects on our economic recovery. When we intervened, the ratio of coal supplies to utilization in eleven East Central states was 11.5 per cent; when

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CLUB OF CANADA

Dr. F. Ray Marshall,
Secretary of Labour, United States of America

the agreement was finally ratified, that ratio had risen dramatically to 73 per cent.

Looking back on it, I remain convinced that non-intervention is a good policy in most collective bargaining disputes. When the federal government must intervene, it should do so with the goal of helping the collective bargaining process produce a workable agreement while protecting the public interest. That is the course we followed in the coal strike and I believe it was a policy that yielded important dividends for all concerned.

The second lesson of the coal strike is that there are some problems that cannot be resolved by the normal collective bargaining process.

At the beginning of the coal negotiations, the operators were not merely trying to produce a contract. They were also trying to solve longstanding institutional and cultural problems. Deeply entrenched attitudes and behaviour patterns had produced serious problems relating to wild-cat strikes, mine safety, productivity, and pension and health benefits. This was far too ambitious an agenda for one round of contract negotiations.

In saying this, I am not trying to minimize the importance of these issues for the coal industry. Problems of this nature have prevented the United States from taking full advantage of its abundant coal resources. But many of these problems go beyond the purview of normal collective bargaining.

This is why President Carter had decided to appoint a Presidential Commission on the Coal Industry. Many of the problems in this troubled industry do not merely involve labour and management. They also involve the government. For example, mine safety is regulated by the Labour Department and we are responsible for training programs that could help the industry with its labour relations, manpower, and productivity problems. You cannot discuss issues like these apart from the federal government. As a result, we believe that this tripartite commission, consisting of representatives of labour, management, and the federal government, can provide the proper framework to resolve these long-term issues.

The third lesson of the coal strike is the broadest, and to my mind, the most important. That lesson is that we should not ignore the impact of institutional arrangements on economic policy.

The United States has recognized that coal should be a very important element in our long-term energy policy. It is easy to develop economic projections to justify this conviction. But, as the recent strike illustrates, the future of the American coal industry depends heavily on labour relations. If the institutional structure of collective bargaining is weak, coal production will never meet our expectations. If we ignore these institutional problems in the coal industry, our economic projections will be very unrealistic.

This leads me into the second part of my talk this evening in which I would like to discuss some issues involving the international implications of the energy crisis. Institutional arrangements are as important in international as they are in domestic economics.

Let me stress that I am only speaking for myself on these issues and *not* reflecting the policies of the Carter Administration or the United States government. Some of the issues that I will discuss have been raised during internal deliberation within the Carter Administration. But presented in this manner, they do not represent an agreed-upon policy, but merely my own personal perspectives on some issues that affect all of us in North America.

The problem we face is world-wide economic stagnation; which, in some ways, is similar in a generic sense to the problems industralized market economies faced in the 1930's. At that time, there was a terribly serious imbalance between savings and investment within individual countries. Today, there is a similar imbalance between countries.

The economic problem today is accentuated by attitudes within the world's industrialized democracies. If investors were confident *and* central banks were willing to expand the money supply sufficiently to lower interest rates, private investment might rise by enough to provide full employment. But neither investors nor central banks are willing to take these risks.

Similarly, if governments were willing to offset the OPEC surpluses with full employment budget deficits, they could replace the purchasing power lost through oil imports. However, most governments are unwilling to take these risks. Instead, the industrial world's leaders are uncomfortably balancing the political costs of budget deficits against those of high unemployment. And their constituencies are unhappy with both sides of the bargain.

Although this uncomfortable balance may persist, the situation could easily deteriorate. Nations could resort to protectionism in an effort to cut imports, or they could seek to subsidize exports. But individual attempts to export unemployment will only lead to reciprocal actions. The outcome could be political instability and a repeat of the beggar-thy-neighbour policies of the 1930s. Another possibility is heightened economic and political unrest within countries until domestic stability is undermined, again reminiscent of the 1930s.

Neither the current uneasy balance nor further economic and political instability is inevitable. Industrial nations like Canada, the United States, Western Europe and Japan, working together, can take steps to head off this dismal prospect. There are policies we can follow to this end—including fighting inflation, following sensible trade policies, reducing dependence on foreign oil and substantial public and private capital transfers to developing countries. Such transfers will promote balanced growth.

Four years after the increase in oil prices, most industrial countries are desperately trying to earn the foreign exchange necessary to pay for imported oil. This attempt has generated considerable pressure to promote exports in both rich and poor countries.

But, while some countries can eliminate their trade deficit some of the time, all of the oil-importing countries cannot do so simultaneously as long as the oil-exporters remain in surplus. In the last few years, the trade deficit has moved from one group of countries to another as different nations accept an extraordinary share of the trade deficit. But since no country can sustain this extraordinary burden for long, there is a tendency to try to shift the hot potato to someone else.

In 1974 and 1975, developing nations bore most of the deficit caused by the rise in oil prices. This could not continue for long since there were limits to how much debt these countries could finance without creating concern that they might default on their loans.

Recently, the United States picked up the burden of a large trade deficit. In large measure, this deficit occurred because our imports grew while our exports diminished. The decline in the dollar caused by the trade deficit has triggered further problems. Finally, the combination of high unemployment and a trade deficit has greatly strengthened the forces in the United States calling for protectionism.

What is to be done?

The stagnation problem cannot be solved by the United States or any single country acting unilaterally. The solution involves a wide variety of concerted actions by many industrial countries, a package to which each country can make a contribution and from which all can draw benefit. Stimulating balanced development in the less-developed countries is an important part of this package.

The problem is that many investors in the OPEC and industrialized countries are reluctant to increase their investments in the less-developed nations. This produces a fundamental imbalance between the needs of these less-developed countries and the capital that is likely to be invested there.

It is a familiar, yet sad pattern. Much of the productive capacity of the developed world is lying idle, yet there are millions of people living in squalor. The abundance we take for granted is beyond the reach of most people on this globe. Changing this imbalance on a global scale is not an easy trick to pull off.

What is needed is to greatly expand the lending capacity of an international financial institution which would make development loans to the less developed countries. Loans of the magnitude needed are beyond the capacity of central bankers or individual nations. They can only be made through an unprecedented degree of co-operation between the industrialized nations and the OPEC countries.

To be most effective, these development loans should emphasize agriculture, water and energy production. Increased agricultural productivity and rural nonfarm development in the less developed world would slow migration from rural to urban areas, pave the way for an increasing standard of living and avoid serious food shortages. These loans should not try to impose western norms on the less developed world. Rather, they should be designed to help each country choose its own formula for balanced growth.

The World Bank, its soft loan window (IDA) and regional development banks are the main financial institutions that can be used to make those loans. It is important that the industrial world and the OPEC nations recognize their common interest in expanding total world demand.

This has been a long speech. But my message is basically simple. Almost all major economic problems are interdependent and must be viewed in an international context. One country cannot be the engine that drives the world. The time for international co-operation—based on self-interest, as well as altruism—has arrived. The problem of securing that co-operation must be faced. It cannot be wished away.

The appreciation of the audience was expressed by Mr. John D. Herrick, a Director of The Empire Club of Canada.

APRIL 20, 1978

The Power Manipulators

AN ADDRESS BY Simma Holt, M.P.
MEMBER OF PARLIAMENT FOR
VANCOUVER-KINGSWAY

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: As Canadians, we are indebted to the Province of British Columbia for a great number of things. It is the Mecca of radio open-line shows, the home of Jack Webster, possessor of some of the most magnificent scenery of this earth, and the one place in Canada where snow skiing and swimming are literally only three quarters of an hour apart at some seasons of the year.

Whether it's the climate, which is mostly, or at least sometimes, damp, or its physical separation from the balance of the country by the Rocky Mountains, British Columbia has always been unique.

Where else, for instance, did the largest city in the province employ an official jester? Usually there are enough active in municipal organizations without the necessity of having to pay for one. Where else do the two largest amateur sporting events involve navigating a bathtub across the Straits of Georgia or diving into English Bay on January 1, regardless of the temperature?

Politics in B.C.—which is not to be confused with Before Christ, as pointed out by Rupert Brooke—have also always been original. Not only is it the home of the only regular Social Credit government remaining in the nation, but it has always had an independent view of political life.

One of the first premiers of British Columbia, Amor de Cosmos, said in 1870, "I would not object to a little revolution in British Columbia, after Confederation, if we are treated unfairly. For I am one of those who believe that political hatreds attest to the vitality of the state."

British Columbians are very much in love with their province. And I have to admit to a conflict of interest here in that I attended the University of British Columbia myself and met my wife, Katie, there—one of B.C.'s truly wonderful exports.

Another pretty good provincial representative is our guest of honour today, Mrs. Simma Holt, M.P.

Like many people living in Canada's evergreen playground, Mrs. Holt is actually from Alberta. She was born and raised in Vegreville and following high school, attended the University of Manitoba in Winnipeg. Here she became managing editor of the university newspaper, *The Manitoban*, and that began an illustrious career in journalism which resulted in her having been the winner or runner-up, on ten separate occasions, of the Memorial Award given by the Canadian Women's Press Club for excellence in both feature and news writing.

Upon leaving university, she was employed briefly by the Canadian Press in Calgary as a teletype operator/reporter before crossing the mountains and joining *The Vancouver Sun* as a reporter and feature writer, a position she held from that time up until her election to parliament in 1974.

Her career with *The Vancouver Sun* was an all-encompassing one, but she has also written features for almost all the major Canadian publications; she has filled in as one of those infamous "open-line" radio hosts; she has performed on talk shows in both the United States and Canada. She has lectured at various universities in journalism, negotiated labour agreements in the newspaper industry in Vancouver and, in between times, has found the energy to create three books, the best known of which was probably her thorough and penetrating study of the Sons of Freedom Doukhobors of the Kootenay Valley in British Columbia.

Having observed the political scene for so long, it was not surprising that Simma Holt would eventually run for elected office. She's a person who likes to be totally involved and her activity in the House of Commons is testimony to that philosophy.

She has served on parliamentary standing committees on Justice and Legal Affairs; Health, Welfare, and Social Affairs; Finance, Trade and Economic Affairs and Broadcasting, Films and Assistance to the Arts. Also, she was parliamentarian on the Canadian Delegation to the Belgrade meeting on security and co-operation in Europe and attended the parliamentary committee meetings on the North Atlantic and the European Economic Community.

Simma Holt has never been a "yes" person. She has been described as "a Mary Worth on speed" and by Marion Bruce in *Weekend* magazine as "one who was never a detached, stoney-hearted observer of the human scene." She has always followed her instincts and the wishes of her constituency and, as a result, has fought against government bills such as the *Time-Reader's Digest* bill and the capital punishment bill, and has championed the decriminalization of marajuana use, having gone so far as to create a brochure on the subject which was used as evidence by the senate committee studying the problem.

Perhaps the character of Simma Holt is best described by her reaction to having been referred to as a "lady" by Prime Minister Trudeau in the House. She rose on a point of privilege to say in part, "I am here, gentlemen, as a Member of Parliament and not as a lady of any description."

Ladies and gentlemen, it is a pleasure for me to introduce to you the Member of Parliament for Vancouver-

Kingsway, Simma Holt, who will address us under the title, "The Power Manipulators".

SIMMA HOLT:

Thank you, Mr. President and friends of the Empire Club. I call you friends now because I don't know what is going to happen by the end of this speech. I'm never sure when I start out what *is* going to happen.

I'm very interested to see Mr. Potts here. I'm not sure if I'm *glad* to see him because I recall that with only six hundred votes he turned our three thousand delegate Liberal convention into a pot party. I got into my usual amount of trouble by suggesting that the Liberals might become known as the pot party if they proceeded the way Mr. Potts wanted. Some people who think that Toronto is the only place in the world with the only people in the world thought I meant Joe Potts' Party. But I gather he is a man of great talent and is well-respected in the community. I was very mad at him if you really want to know the truth!

I have at the head table with me Ken Robinson, the man who fights the wars with me in Ottawa. He has told me how we can fight the bureaucracy. I don't think we can win, but anyhow he told me that the best way to go is through the system, which I have been trying to do. I joined the Liberal Party for that very reason, about a year before I got elected. I got into it to change it. I was going to go to the convention and tell them how to run things. I didn't know about Joe Potts then.

I was going to change everything. I was going to correct the whole giveaway, including the LIP grants. I was going to see that the UIC was properly handled, the way I think it should be. But I never got to convention. I got elected. I guess if I had gone and watched how it worked, watched the power manipulators at work (present company excluded), I would not have ever joined the party!

Unfortunately, I think this manipulation happens in all political parties, and I discovered that Toronto is masterful at it. On the capital punishment issue, for example, that policy decision was worked with about three hundred people by having a caucus first, before the capital punishment debate, and filling the room ahead so that the few of us who were opposed to abolition could be kept out.

In any case, that's a whole other subject. If the Empire Club invites me back after this speech, which is highly unlikely, I will tell you that story. As for your president, he knows British Columbia and I detect a note of understanding of that province. He does not believe that Canada ends at Bloor and Bay.

It may interest you to know that I was a "polar bear" once. I went in for the newspaper and we had it all set up with the photographer that I would just go in to the edge of the water and we would fake the picture. But the whole staff thought it was very funny and they came out and watched. It was a rainy day and I had to go in, really in, with an umbrella. It happened to be a day when Churchill was very ill, so you know how long ago it was. I made Page One. Churchill was crowded out.

I'd like to tell you that my foray into politics makes me think it's about time I left. I have been reading about Nelson Rockefeller's feelings when he left. He said he "joined politics anonymous. It helps you break the habit. Any time you feel you want to run for public office you call a certain number and Fanny Fox comes on and pushes you into the Tidal Basin." But that leaves me with the choice of leaving politics and going back to be an author. I think I'll adapt Rockefeller's idea and every time I get the urge to write a book I'll phone a number and get Jack McClelland who will rush over with the hundredth new edition of Pierre Berton's *Klondike*.

I intended to make this speech in great style, like a professor, and give you a formal lecture. I hoped to give you causes, maybe cases, and effects. But I've just come from that country that Mr. Hermant talked about, where we're all very quick at the lip, we're all on open lines, and I can't write a speech. It's easier to write a book.

When I started investigating my subject, which was "The Power Manipulators and Who Runs Canada", I found that I had too much material and no researcher to read it and condense it for me. I just couldn't get it all down, but I hope that I can tell you some of the things that are on my mind. Another problem I had is that I've spent a good deal of time, as Mr. Hermant said, on the open-line circuit in Vancouver. That's the big mouth, big noise area. I had to deal with the biggest open mouth in Canada—that's Jack Webster. In fact, one newspaper had the two of us head and head at the finish line, as the fastest lip in the West. Now how can you *write* a speech when you have that problem?

I want to tell you about the Empire Club reputation. I didn't know about it! But I'll tell you about my first encounter with what I am given to understand is a mighty organization. Last November, I received a long distance person-to-person call at my constituency office in Vancouver from a man in Toronto. He asked me if I would speak to the Empire Club. I said, "What's the Empire Club?" There was a dead silence, just as there is right now. Finally, the voice at the other end explained the realities of this organization: that its membership is composed of the leaders of industry, trade, commerce, business and the professions—all that is prestigious and rich in Canada.

And then I asked a perfectly logical question. How many women do you have in your organization? The even longer silence put me into shock. After all, this silence was costing the Empire Club $1.05 per minute. I understand now, from Mr. Hermant, that you do have some women in your organization. You apparently had a little trouble getting them in, because even though your constitution didn't bar them, there was an effort to keep them out because they might hear some bad language. Ladies, if you want lessons in bad language so that you can cope with the Empire Club's male establishment, I'll give you some later. I've been around newspapers, the waterfront, the police and prisons long enough so that I am not shattered by any word. I have even been on the Pornography Committee, and what came in from Toronto really finished my education. So I can help you, ladies, to survive the Empire Club's bad language and cigars. I understand the cigars were also thought to be a problem.

But to return to the phone call. The silence was finally broken. I haven't got a very good computer mind but I knew how much several minutes at $1.05 was. The caller said, "Why do you ask that?" I told him that when witnesses appear before the House of Commons Committee on Finance, Trade and Industry from these same prestigious circles, never once, not once, has there been a woman present in that group except to carry coffee and take messages.

And that brings us to the subject of secretaries. I have the best in Canada sitting here, my colleague and associate and helpmate, Shirley Stream. I learned in Ottawa, from having secretaries, just what is really going on. I also learned why women have been kept out of board rooms for so long. They are half the world and they keep it going. The secretary does it all. My friend Ken Robinson got very angry at me in the House of Commons when I said that we really know how the lawyers survive—because some of them aren't all that great, especially some of the amateurs in the back rooms of the House of Commons. (Of course, I'm not talking about present company because he's a very talented lawyer.) But they have secretaries who do all their writs, all their reports, all their statements of claims. And they get $12,000 a year while the lawyer gets $12,000 for one case.

So I know now why women are never allowed in the board rooms. But I think that it is very important that we get some women into those board rooms fast because, after all, it is the natural balance of society. But seriously, women do manage homes and they say a woman is "the power behind the throne", or "behind every good man is a good woman." Why should not this intelligence also be in the board rooms?

But back to my first meeting with the Empire Club. It is reminiscent of one of my several forays on Front Page Challenge. I was told by the producer that a Toronto singer was appearing as a challenger on the same show. He nearly collapsed when I asked "Who is she?" As a friend, he gave me what he considered precious advice: never admit that you don't know someone as famous as this celebrity. I still haven't heard her name, or of her great talent—outside of Toronto. Furthermore, the people there that night, talking in their tight little Toronto clique, didn't know me. And I think that would have been just as offensive to the people in Vancouver as my not knowing that "celebrity" would be to the people of Toronto.

The mountains are very high, ladies and gentleman. We are very far away, and the protectionism and nationalism of central Canada is the antithesis of the West, Many of the things that happen in Toronto are totally irrelevant to the West. The media standards for culture, that are controlled here by a small group and imposed on the West, have nothing to do with our life style. We want to compete with the whole world. As a writer, I want to compete with the whole world. But in this day and age, Bach or Gershwin wouldn't be allowed to work in Canada, because they are not Canadians.

But the subject I want to speak to you about is the ever-pervasive bureaucracy, the power that controls our nation. It is terrifying to me. Perhaps ignorance *was* bliss, when I did not know what was happening when people talked about government. Government is not the elected representative. Government and the control of the nation are in the hands of a few power brokers.

I am not saying that the public service is to blame. The public service is composed of the most dedicated, involved and concerned Canadians. Like the rank and file of trade unions, the rank and file workers in Canada, the rank and file public servants are tired of being manipulated. They are tax payers too.

Trade union workers did not want a national strike. They did not want to see the nation stopped dead on October 14 to please Joe Morris' personal fight for power. In 1975, I carried on a campaign, with a button with "I'm Going to Work for Canada on October 14" printed on it. The irresponsible plan, in a period of great crisis, was to stop the nation's production for a day. More trade unionists came in for that button than any other group of citizens. They did not want to march in a parade. They had not even had a vote on whether or not they would give up a day's pay. But some were intimidated.

The same is true of the public servants. They do not want to see the people of Canada harassed and bullied by the power and secrecy of a few people in the public service, some of whom are virtually sadists. I would like to have time to tell you of some of the cases I have come across in my own constituency. I'm sure that if every businessman in this country could get on a public platform they could give case, time and detail of how their efforts have been distorted and diverted, how they spend their life working for the government of Canada, the government of their province, the government of their city, and every little power group that calls itself government in this country.

Each day in my job, I hear from citizens and get closer and closer to them as my job progresses. When you first come into politics you know nothing about this. I had no idea of how big, how complex, how demanding the job of Member of Parliament is, and how we have to do it without benefit of research. We have to go into committees and investigate law that comes at us like a tidal wave. And every time a law is passed a new department is created, regulations are created, and with the regulations we give power away to people who are accountable to no one. You cannot even find or challenge them.

I have tried to challenge them. In my encounters they say, "How dare you ask that?" I don't very often pull rank, but I have answered "How dare you talk to me like that?" But that doesn't win. You may win one-on-one, but when twenty-three million people are affected, you may solve one, or ten or even fifty cases. Some of us deal with fifty cases a day, and resolve as many as are soluble. That still doesn't do it.

Ken Robinson has looked into regulations and statutory instruments to see if we can clean them up. Perhaps that's the place to start. But I think the effort has to be bigger. We virtually have a KGB prowling through Canada, using power given to them under endless statutes. I hate to say this in front of legal people, because my whole life has been spent with law and in the courts, and in prisons, where the legal factor is so vital. Law is important. But *good* law, not the fractured law, patched law, improvised law which we are seeing. We have in Ottawa many young lawyers in the back rooms, in the departments, who have never practised law and are doing all their practising on Canadian citizens.

We see them in our committees. If you ask a question of them that they can't answer, they get angry. The Cabinet Minister who may have had only a year or two in that department is obliged to answer, but he cannot. It is not humanly possible to know as much as these power people who say to you "You're only here for four years. We are here forever. So do as *we* say." How many of you have blamed Trudeau, blamed the Cabinet, blamed me and blamed the Members of Parliament for what is happening in Canada? How many of you have gone out to find out why it is happening? You can only guess, through your own suffering, at political interference and manipulation.

We are a rich and successful country. We were extremely rich in the 1960s and 70s and that was all right. We were happy. But now that our riches are reversed, we are angry.

I will tell you about one case. Two young men, aged twenty-one and twenty-nine, built a half-million dollar business. It is a children's furniture business called Kiddies' World. In August, 1976, a man from the Department of Consumer Affairs, under the new laws relating to safety hazards, came in and seized $26,000 worth of playpens as dangerous. He seized some playpens (painted red) and didn't seize others of the same sort (painted green). The owners of the business said, "Tell us why *these* are unsafe. If the red ones are, so are the green, but you have given us no real evidence that any of them are unsafe. If you can just seize anything you please, you'll bankrupt us."

The reply came back, and one of the owners wrote it down. It was, "Too bad. We've done it before and we'll do it again." There is no accountability there. Even in Revenue and Customs today, it is not the minister who has the power; the power is written in for the deputy minister. I'm sure that Mr. Findlay from *Time* magazine will tell you that under C-58, it is not the elected representatives who decide Canadian content. It is the deputy minister who measures it with a ruler. I could go on at length about C-58, the *Time-Reader's Digest* bill, and I now hear from Mr. Findlay that the government, two years later, is going to look at the results of what happened to *Time* and *Reader's Digest*. I would like independent research, because the government people who pushed this through have to justify what they have done.

It is because you are a prestigious group that I wanted to talk about this subject. It is because you are leaders of your community in central Canada, where the power really lies, that I ask you to become allies of the Members of Parliaments, to help people like myself and like Ken, who is working on about five committees as well as doing a parliamentary secretary's duties. You would not believe the job we do. Nobody knows, because nobody teaches the subject of what the job of a Member of Parliament is. I didn't know. Nobody taught me in any school room. And no teacher I've ever talked to knows anything about it.

They have courses in social sciences and the most biased, prejudiced, ignorant group of people come into the back rooms of government with those degrees, but not the depth of knowledge that is required. They have to learn it, and while they learn it the Canadian people are being short-changed.

These people have the power of secrecy. They tell us they don't have to answer our questions. They don't have to tell us what the taxpayers pay for jobs. In the CBC, the president has come before us. He has a man who writes useless non-answers for us in response to our constituent's questions. He will not tell us what this man gets paid for answering for the president. That is the right of a Crown Corporation—to use the Canadian people's money and tell them nothing. I believe that must end.

The Honourable Robert Andras, president of the Treasury Board, is trying to do something, and before him, Jean Chrétien in that role and today as Finance Minister is trying to do something. It is happening, whether you hear about it or not.

We hear about it inside caucus. The media are not telling you what is going on in Ottawa. I am a member of that profession, the most important profession in holding a nation together, but they are not doing their job in Ottawa. There may be a few who are, but most of them are so busy being pundits, running the Parliament of Canada, getting their name above the crease on page one or at the top of the news on the electronic media, that they are forgetting their duty as journalists, the highest duty in the land. It is time that their publishers came to Ottawa and discovered what is *not* being told to the people of Canada.

But you invited a Liberal here, so I am entitled to say what *is* being done. I'm going to tell you that some good things are happening. I sit on the inside. I might say that I was anxious before I joined the Liberal Party to clean things up. When I went to Ottawa all I knew about Pierre

Simma Holt, M.P.

Elliott Trudeau and the government of Canada was that I hated it. Out west, we get all the negatives Andras is a very strong and cool and determined man. He is a very tough man—I know because I've tried to switch him on a few things. He set out to at least slow up the public service. And it will take special action by elected people, those 264 of us who represent twenty-three million.

It may take a revolution to halt it, because the union that protects that system is very strong, a stronger union than your elected representatives or the uninformed electorate have. Those comparitive few have seized power, I would say possibly irrevocably. I think there may have been a *coup d'état* of the bureaucracy, by a small group. And it's not just at the top. It's right through to the village level. Just as the Communists have their village level bureaucrat who can stop a person from moving. It is the same kind of power in every segment of society. There may be one here, one there, scattered throughout the whole public service.

I don't know whether the *coup* has happened. I don't know whether it is just happening. I don't know whether we can reverse it. But I hope it is not too late for people outside government and the concerned majority to work together with the dedicated people within the public service to turn it around and end the loss of our freedom to these power brokers.

I must stress that those of us in Parliament could never do our job for our constituents if it were not for the majority of public servants. There are tremendous demands on Members of Parliament from the public. We must serve them, in policy making and as ombudspeople. Those people inside the public service help us to solve our pension problems, immigration problems, injustices—everything that an ombudsman should be doing in the fight against government bureaucracy.

I am now in the middle of a big fight over shoe quotas, to try to help the shoe retailers of British Columbia who are going gradually bankrupt in order to protect a few manufacturers in eastern Canada. I am deeply embroiled in this problem, while trying also to do my constituency work. In that department, there are three people who arbitrarily decide who will get quotas and what those quotas will be. I have asked their names and I was told that they do not have to tell me. They do not have to tell me whether these people are qualified in business or in other areas of endeavour to make them competent to say to a person who is expanding his business and needs a larger quota, "You say you need 50,000. We'll give you 3,000." Retailers are closing down. I have tried to fight this on a one-to-one basis with the aid of Jack Horner.

Mr. Andras is only one man. We are only 264 Members of Parliament. And within that 264 it seems that, instead of doing as we did on our penetentiary committee, working together to solve a difficult problem, the name of the game is fight. Tear each other apart. Tear down. Be negative. Destroy. Get your name in headlines. The media feed that by going to the Opposition and suggesting questions. It happened during the RCMP issue. The Opposition got themselves deeper and deeper into an unpopular stance. Finally, one member of the NDP turned on them and said, "Do your own work!" because he knew he had got into trouble.

What happens is something like this. One day, Jack Webster had a great story and he broke it. Then he phoned his favourite mouth in the Opposition and said, "Ask this question." So the question was asked and the story told in the House of Commons, and then Jack Webster can go on the air and say "My story was raised in the House of Commons today." It's sort of an ego-go-round.

We are just a few. Inside the caucus we see it as it really is, not with the sham or distortion that you read in newspapers. We do not have the power to handle the assaults that are put upon us by the public and by the media. We just have not got the time. We have to answer to our constituents. We cannot spend our time explaining to the public that the story was wrong, that the right story was not told.

In his statement on estimates, for 1978, Mr. Andras gave the figure of $48.8 billion. He tells us he is holding the level of spending below those of the recent past. And that's the past I talked of earlier, of great riches and a thriving Canada. In his spending estimates, the increase is 9.8% above 1977-78. In government, apparently, that's within the current projected dollar growth. Personally, I would like to see a *cut-back* of 9.8% and I would like to see it go on for at least ten years. I'm convinced that there is still enough wisdom and economic judgement in Canada to be able to cut back and still thrive.

Mr. Andras is also attempting to slow spending in the public service, by allowing only 0.6 per cent growth (that's six-tenths) for the second year in a row. Again, I wish it could be reduction or freeze. However, he is trying to accomplish a difficult proposition by having zero-based budgeting, and he is cutting back in eighteen departments where many feel that manpower reduction is possible. He is sticking to the zero-based budgeting and being very tough about it.

As I said earlier, bureaucracy was merely a word when I came to Ottawa. I'd like to summarize the causes of why we are losing our freedom in one of the freest countries in the world. There are only twenty-four truly free democracies left in the whole world today. There may be enemies outside. I have no doubt there are infiltration and subversion. But I do know that we are also being very sorely damaged from within.

I can list only some of the causes, although there are many that I could analyse for you. But first, is an uninformed public. People do not know what's happening. They do not learn in their schools what is happening. The school teachers, the system, the media, are not telling us. Parliament is being destroyed by those who put partisan politics and their own publicity above the good of the country. I do not like partisan politics unless it is based on honest principle, not on negativism.

The media are too lazy, or maybe they are into the Watergate syndrome. Reporters want to be Woodward and Berstein without working too hard. Within our system, four basic companies own the newspaper industry and they can really control the industry, the planting of questions in the House of Commons, the process of divide and conquer (although this may not be intentional). In other words, the power brokers can divide Parliament to the point where we are decimated. So the Opposition must be the best, the most critical, with the best researchers that they can find. An Opposition that probes is an Opposition that can keep our country safe. We must also have good researchers on our side. There is also opposition *within* the parties. If any of you has ever been in politics and sat in caucus, you know that it can be a blood bath too. That's where the opposition really surfaces. And in committees we must also have good research.

The proliferation of regulations, removing power from the elected representatives and handing it over to the beaucracy, must be stopped. The excessive legislation, excessive rules, being created by lawyers make citizens the helpless victims of too much law. Income tax law runs six pages without a comma or a period. They need a journalist there to edit the law. The average wage earner has to live in this society with a lawyer and an accountant at his side. Some need specialist lawyers. Some of us, if we dare to earn over $25,000, say by freelance writing, have to have two or three lawyers. It is an endless control of our lives. I don't want to offend the legal profession, because it is very important to our society, but excessive law is the end of freedom.

But the problem that must be corrected is that Members of Parliament are without resources to investigate and challenge new law coming in.

Changing ministers, who cannot possibly grasp their portfolios in depth, is another problem. Perhaps there should be a transition period so that they can learn the system. I'm not saying that a former public servant should go into the ministry, because that would be a continuation of more of the same type of control.

The divide and rule principle is happening because of those unidentifiable brown envelopes, without return addresses, that are being dropped on the opposition side of the House. I have said in the House of Commons that it does not matter who is on that side of the House, we are all going to get those envelopes from a civil servant who wants to split us, who is discontented and is giving us selective leaks. The person who leaks information is a coward, a sleasy person. If these people think that the secrecy within their institution, within the public service, is wrong, then they should come out in the open as a group.

They should use their union as a group to say "We want it to end."

The anonymity given to the public service has allowed this to happen. They can hide behind it. They can come at us with the knives and swords of regulations and hide behind the shields of secrecy and anonymity.

There are cures, and the cures are contingent on the causes. I am sure you could add to the list of causes. Every Member of Parliament has a list. Once you know the causes, you should be able to find the cures, and I maintain there must be some way to correct this situation. Certainly in a body of this stature, with so much leadership in so many areas, industry, trade, commerce, business and the professions, there must be a group of you willing to stand behind all of us. Do more than just cast your vote. Get involved. Come into the system.

There was a very good article by Ronald Anderson, an outstanding business columnist of *The Globe and Mail* (and I do not often praise *The Globe and Mail*—I am not one of those who consider it the newspaper of record and read it every morning) but I do read Mr. Anderson, and on Friday April 7, 1977, he wrote an article on business politics, and he talked of the Institute for Political Involvement, founded by twenty-eight major companies in Canada.

Apparently, business thinks it should not get involved. I think business people with their expertise, with their concerns, must get involved. They must get right inside. They must run for Parliament. It is a sacrifice. I am sure that any of you making a $100,000 a year, or even $30,000 a year, don't want to go to Ottawa and have two homes to keep and all the other things you are expected to do on an expense account of $10,000. You just can't do it. But if you care about Canada, if you want Canada to stay rich, you have to get involved in the system. You must know how the system works. You must demand of the media that they tell you the truth.

Teachers must learn about the absolute fundamentals of how Parliament works and how big government works, in order to teach it to the children without any party prejudices, because the partisan part is the least important part of politics and of government. Teachers, like journalists, must teach objectively.

There must be toughness, perhaps even a revolution or war, a determination that says this cannot go on, and this toughness must be both within the government and outside of the government. It will take a minister in each department, with the toughness to say to the people of the public service, "We have had enough."

The democratic system is a great system, but the way of appointing a Cabinet within this system is sometimes self-destroying. The Cabinet must be chosen from different regions, it must have all the tokenism of different races, different ethnic backgrounds, different business areas. As a consequence, the best people cannot always be brought in. I don't say that the Cabinet is bad, but I do say it could be better.

I was talking to a Senator, who said if we could cut the Cabinet in half, we would have half the regulations, for every cabinet minister wants to add to his *curriculum vita* the fact that he piloted through this or that legislation. The human rights legislation may be great, but already we are adding 150 people in a new bureaucracy.

Within government, there are police forces. Everyone wants an ombudsman. That will create another group. There are at least ten different departments that have administrative boards and tribunals to take complaints. So we would be duplicating services again. It must be stopped.

I will tell you one last story, about the Canadian, the Frenchman and the Russian who were comparing the happiness in their countries.

The good, stolid hard-working Canadian said very simply, "Happiness is coming home, tired after work, to find the family and friends there, and joining them in quiet, peaceful talk about the weather and the children."

The Frenchman said, quite accurately, that the Canadian lacked romance. He said, "True happiness is a business trip with a beautiful woman to entertain me and finally, parting without regrets at the end of the trip."

The Russian said they were both wrong. "True happiness is when you are home in bed at four in the morning, there is a hammering at the door, and the Secret Police are there asking for Ivan Ivanovich, and you are able to reply, 'Ivan Ivanovich lives next door.' "

But perhaps we are not so far removed from this kind of doubtful pride, with secret police of various departments of government in Canada. Certainly a Canadian today can only say that happiness is coming home to find that he does not have to worry about what bureaucratic oppression may be facing him tomorrow.

The appreciation of the audience was expressed by Mr. R. A. Robertson, a Director of The Empire Club of Canada.

APRIL 27, 1978

President's Report—Annual General Meeting

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: According to the constitution of The Empire Club of Canada, Article VI, Paragraph 2, the annual general meeting shall be held each year prior to April 30. It further directs that the President report to the members on activities of the club since the last annual meeting, and that this report be accompanied by an interim report from the Secretary-Treasurer.

In the interest of time, this document is now before you and I would urge you to read it thoroughly and move its adoption by this meeting.

PRESIDENT'S REPORT

The Empire Club of Canada reflects the history of Canada from various points of view, whether they be political, economic, artistic or recreational. Certainly it is most important that the club continue to reflect a broad spectrum of interest and provide a forum for opinion—personal, unbiased, apolitical and noneditorial.

Our 1977-1978 season has in large measure succeeded in fulfilling that guideline, as we have heard throughout twenty-seven meetings from speakers reflecting every facet of our lives as Canadians.

We began with a special luncheon at which Mr. Justice Thomas Berger explained to us the rationale behind his much-publicized McKenzie Valley Pipeline Report and later in the season, we heard another point of view on energy from Mr. A. W. McIntosh, Chairman of the Canadian Petroleum Association.

With the prospect of the anti-inflation control period coming to an end, we heard from Dr. George Post, the Acting Chairman of the Economic Council of Canada, about what might happen to our economy in a post-control era, and matters of an economic nature were also discussed with us by Michel Dupuy of the Canadian International Development Agency; Harold Crosby, President of the Canadian Chamber of Commerce; Zoltan Merszei, President of Dow Chemical International; John Bullock, President of the Canadian Federation of Independent Business; and Darcy McKeough, the Treasurer of Ontario.

In a political vein we heard from Ged Baldwin, Progressive Conservative Member of Parliament, concerning his crusade to end secrecy in government; from Frank Drea, Minister of Correctional Services in Ontario, concerning his plans for reforming penal institutions and systems; from Allan MacEachen, Deputy Prime Minister of Canada, about the General Agreement on Tariffs and Trade; and from Postmaster General Jean-Jacques Blais, trying to explain the malaise affecting the Post Office.

Government institutions were examined by a visitor from London, England, Lord Redcliffe-Maud, who described the English bureaucracy in unforgettable terms, while Simma Holt, the journalist and M.P. from Vancouver, examined for us the danger she sees in the Canadian bureaucracy.

In the continuing debate on Canadian Unity, we heard from Raymond Garneau, the ex-Finance Minister of the Province of Quebec and candidate for the leadership of the Liberal Party in that province; from Norman Cafik, the Federal Minister responsible for Multiculturalism; and Walter Pitman who discussed with us his report on racism in Toronto.

Internationally, we were addressed by Don Jamieson, the Minister of External Affairs, and by George Colley, the Deputy Prime Minister of Ireland. We also examined the recovery of New York City with Osborn Elliott, the Deputy Mayor of New York.

Other subjects were equally dealt with, including the military when Defence Minister Barney Danson spoke to the club; conservation in an address by Dr. Ursula Franklin, University of Toronto; broadcasting when both Al Johnson, the President of the Canadian Broadcasting Corporation and Stuart MacKay, President of Selkirk Broadcasting, addressed us; sports with John Ziegler, new President of the N.H.L., who filled us in on the inner workings of hockey; and, of course, we were regaled by an exposé of political satire by Canadian humorist David Broadfoot.

During the year we held three exceptional special events—starting in late August when we were fortunate enough to be able to host a dinner dance for the Lord Mayor of London, Sir Robin Gillett and his wife, the Lady Mayoress, and at the close of the season we had the opportunity of hearing from the Secretary of Labour of the United States, Dr. F. Ray Marshall, at a dinner meeting.

Our Annual Christmas Party was the largest ever and was highlighted by remarks from Her Honour, the Lieutenant Governor of Ontario, Pauline McGibbon, the awarding by the Board of Directors of an Honorary Life Membership to our pianist over so many years, Stanley St. John, and a magnificent performance by the St. George's Choir.

Fortunately for posterity, the addresses of everyone who spoke to the club will be printed, in their entirety and as they were given, in the Empire Club Yearbook which is circulated to all Canadian libraries including university and high school by the Empire Club Foundation.

And just a word on the Foundation and its President, Major General Bruce Legge. The Foundation carries out the arduous task of collecting donated dollars to provide for the publishing of the Empire Club Yearbook, which has been done continuously for some seventy-four years. This is truly the heart of the club and the Foundation is entrusted with its care—a job which the Board of Directors of the

Foundation executes in exemplary fashion. We, the Officers and Directors of the club, along with our whole membership, wish to thank General Legge and his Board for the excellent job that they have done in perpetuating one of Canada's truly worthwhile traditions.

In terms of club operation, we had a most busy and interesting year, which began with the examination of all possible costs of club operation, including printing, copy facilities, mailing, publicity and secretarial functions. The review of costs was done in associaiton with our moving of the Empire Club office from one side of the Convention Mezzanine floor to the other and I am happy to say that as a result of this close scrutiny, the club is operating on as efficient a basis as is possible given the unique problems that affect any organization structured as are we.

The new offices, supervised by Executive Secretary Eleanor Cook, and her very able assistant, Mrs. Betty McAdam, are a distinct improvement over the old, and thanks to a new arrangement with the Champlain Society, with whom we share office facilities, the actual cost of the new premises is reasonable. Naturally the lease and insurance provisions have been carefully studied by our Constitution and Legal Committee and we believe now that we have the best terms that can be arranged.

In finance, we were particularly aware of steadily increasing costs and made several attempts to deal with them. The Board of Directors reluctantly increased membership fees a minimum amount; the cost of lunches for non-members was increased on an experimental basis by $1.00 per luncheon; at this writing we have sold our entire supply of club ties, all of which generated additional revenue. Even so, our Treasurer warned that we could expect a sizeable deficit in this season, but I am delighted to report that for once a prediction of doom has not come true and it is now expected that the club will operate on a break-even basis for the current year.

Member's equity remained constant over the year and stands presently at $27,000.

Part of the reason that our finances have remained in a healthy condition is the excellent job that was done by our Membership Committee, which reports renewals of 2,013, life members at 94, and new members at a healthy 448, giving the club a grand total membership as at this report of 2,555.

Given the excellent increase in general membership then, it is somewhat disappointing to have to report to you that attendance at meetings has slipped and this year's average of 256 is well below what is the norm for club meetings. During the year we spent considerable time and effort trying to rectify this problem and, in fact, two new committees were structured to deal with specific areas of increasing attendance. The New Members Table Committee and the Corporate Table Committee both operate in addition to the excellent job that is done on a day-to-day basis by the Attendance Committee itself. It cannot be over-emphasized that attendance is the life blood of the Empire Club and must be maintained at a high level.

It goes without saying that no President can successfully run The Empire Club of Canada by himself, and I would thank the Board of Directors, Past Presidents and Honorary Members for the support and help that they have given to me. I am attaching to this report a chart showing the committee structure for the past year, and I would point out that without our committees and the hard work that is done by them and others, the Empire Club could not and would not succeed.

We could not prosper either were it not for the co-operation we receive from the Royal York Hotel; its general manager, Gordon Cardy; catering manager, Al Horbay; floor managers, Adriano Ferreira, Charles de Castro; and floormen, Emilio and Sam.

From a personal point of view, I could not have survived without my secretary and right hand, Judith Kershaw; her assistant, Sheila Monkman; researcher, Pat Barrio; Ian

Brims and Peter Morton; and last but certainly not least, my wife, Katie, and our children, Maggie, Norman and Mary Kathleen.

It is said that any undertaking requires team effort and in my case the team—both professionally and personally—has given me championship support.

I thank you, the membership, for doing me the honour of allowing me to serve as your 75th President and I leave office with the knowledge that The Empire Club of Canada is important, viable and in good hands.

The report was adopted.

COMMITTEE STRUCTURE

Head Table Committee:
Chairman, John MacNaughton; Vice-Chairman, Jerry Collins; Members, Don Carlisle, Marvin Gelber, Duncan Green, John Herrick, Malcolm McIntyre, Ian McPhail, Rev. Robert Watt.

Attendance Committee:
Chairman, Bill Whiteacre; Vice-Chairman, Carlyle Dunbar; Members, Setrak Adourian, John Herrick, Pat Ryley, Gordon Swayze, Terrence Tyers.

Budget and Finance Committee:
Chairman, Ron Goodall; Members, Don Carlisle, Doug Derry, Marcel Desautels, Marvin Gelber, Pat Ryley.

Constitution and Legal Committee:
Chairman, Bredin Stapells; Members, Allan Leal, John Roberts, Gordon Swayze.

Membership Committee:
Chairman, Catherine Charlton; Vice-Chairman, Hugh Stewart; Members, Setrak Adourian, S. F. Andrunyk, Don Carlisle, Dr. Ronald Christie, Ian Collins, Doug Derry, Marcel Desautels, Bob Doty, C. R. Douglas, Donald Gray,

Norman Hathaway, R. A. Robertson, Terrence Tyers.

Reception Committee:
Chairman, Dr. C. Crummey; Vice-Chairman, Dr. James Parish; Members, L. H. Ausman, Les Parkinson, George Stafford, Michael Stevenson, Gordon Swayze, Robert Watt.

Publicity Committee:
Chairman, John Fisher; Vice-Chairman, Vladan Milic; Members, Sir Arthur Chetwynd, Hugh Franks, Norman Hathaway, Nona Macdonald, R. A. Robertson, T. A. Tyers.

Yearbook Committee:
William Karn.

Speakers Committee:
Chairman, Peter Hermant; Vice-Chairman, Reg Lewis; Members, Bob Armstrong, Douglas Bassett, Walter Borosa, Catherine Charlton, Sir Arthur Chetwynd, Jerry Collins, John Herrick, Charles C. Hoffman, William Karn, Allan Leal, Bruce Legge, John MacNaughton, Joseph Potts, Margaret Scrivener, David Walker.

Head Table Reception:
Chairman, Charles C. Hoffman; Members, Malcolm McIntyre, Carlyle Dunbar.

MR. HERMANT:

Ladies and gentlemen: Also on the table before you is a copy of a brief on behalf of The Empire Club of Canada to the Task Force on Canadian Unity, which has been drafted at the direction of the Board of Directors by a Drafting Committee and which had the benefit of considerable input from interested members of the Board.

This brief will be sent to the Task Force following its publication in the club yearbook so that all members of the club will be able to read the brief in full before it is submitted on their behalf. (See page 454.)

It is now a pleasure for me to introduce to you the chairman of the Nominating Committee, our Immediate Past President, Mr. William Karn, who will report to you on the deliberations of that committee.

REPORT OF THE NOMINATING COMMITTEE

MR. KARN:

Mr. President, ladies and gentlemen: It is an honour for me to present the report of the Nominating Committee which, in accordance with our constitution, consisted of five members from the Board of Directors and four members from the general membership. The following served diligently:

From the Board of Directors:

Miss Catherine R. Charlton, Sir Arthur R. T. Chetwynd, Bt., Mr. John A. MacNaughton, Mr. Robert A. Robertson, Mr. William M. Karn (Chairman).

From the General Membership:

Mr. Leland H. Ausman, Maj. Gen. Bruce J. Legge, Mr. Leslie C. Parkinson, Mrs. Margaret Scrivener, M.P.P.

Ex Officio:

The President, Mr. Peter Hermant.

It is a privilege for our committee to recommend to the membership that the following members be elected as continuing Directors:

Mr. Setrak Adourian
Col. S. F. Andrunyk
Mr. Donald H. Carlisle
Miss Catherine R. Charlton
Mr. Ian J. Collins
Mr. Jerry A. Collins
Dr. Clarence B. Crummey
Mr. Douglas L. Derry
Mr. Marcel A. Desautels
Mr. R. V. Doty
Lt. Col. R. G. Douglas

Mr. A. Carlyle Dunbar
Mr. Hugh R. Franks
Mr. Donald F. Gray
Mr. Norman B. Hathaway
Mr. John D. Herrick
Mr. W. Malcolm McIntyre
Mr. Ian D. C. McPhail
Mr. Vladen Milic
Dr. James A. Parish
Mr. R. A. Robertson
Lt. Col. Michael A. Stevenson
Lt. Col. Hugh P. Stewart
Mr. Gordon W. Swayze
Mr. Terrence Tyers
Rev. J. Robert Watt
Mr. J. A. Wm. Whiteacre

As new members for the Board of Directors, we have great pleasure in recommending: Miss Sarah A. Band, Federal Progressive Conservative Party; Miss Nona Macdonald, University of Toronto; Mr. David A. Rubin, Partner, Cameron, Brewin and Scott; Rev. Dr. Reginald F. Stackhouse, Principal and Professor, Wycliffe College; Mr. Gordon G. Steele, President, Bayridge Corporation Limited.

The Directorate of The Empire Club of Canada consists of forty Directors and shall include at least four Past Presidents. Serving in this capacity will be our illustrious President, Mr. Peter Hermant, as Immediate Past President, together with Past Presidents Sir Arthur Chetwynd, Bt., H. Allan Leal, Q.C., and William M. Karn.

Our club has enjoyed the support of many distinguished public servants and we feel privileged to recommend to the Board of Directors that the following Honorary Officers be appointed: Honorary President, His Excellency the Right Honourable Jules Leger, Governor General of Canada; Honorary Vice-President, the Honourable Pauline McGibbon, Lieutenant Governor of Ontario; Honorary Solicitor,

the Honourable John P. Robarts, P.C., C.C., Q.C.; Honorary Secretary, Mr. Willis L. Blair; Honorary Assistant Secretary, Mr. George O. Stafford; Honorary Treasurer, Mr. Marvin Gelber; Honorary Assistant Treasurer, Dr. John Fisher; Honorary Auditor, Mr. Harry T. Jamieson, F.C.A.; Honorary Chaplain, Very Rev. Ernest M. Howse.

Your committee wishes to nominate for consideration by the new Board of Directors the following willing workers and able members for appointment as Officers: Secretary, Mr. Leland H. Ausman; Treasurer, Mr. Ronald Goodall, C.A.; First Vice-President, Mr. John A. MacNaughton; Second Vice-President, Mr. Charles C. Hoffman; Third Vice-President, Lieutenant-Colonel John G. B. Strathy, C.D.

Mr. President, your committee is delighted that John Strathy is now able to make an even greater contribution to the leadership of our club, perpetuating the faithful support of one of our distinguished families, in the finest tradition.

Finally, Mr. President, the Nominating Committee is privileged to recommend that Brigadier General Reginald W. Lewis, C.D., General Manager, the Parking Authority of Toronto and Commander, Central Militia Area, the largest of such areas in Canada, be your successor in the illustrious and demanding office of President of The Empire Club of Canada.

Modesty becomes this faithful and loyal servant of Queen and country. He began his military career in an Army Cadet Corps affiliated with the Queen's Own Royal West Kent Regiment, and later served with the Royal Artillery and the Royal Army Ordnance Corps. His military activities took him to Greece, Turkey, and Egypt prior to his arrival in Canada twenty-four years ago.

Although he studied Engineering at London University, he subsequently qualified as an accountant.

Canada has indeed benefited from the work of Brig. Gen. Lewis in the public sector. For many years he was Canadian delegate to the Inter-Allied Confederation of Reserve Officers of NATO in Brussels. He is a Director of the Royal Canadian Military Institute, and in 1970 served as the Chairman of the Conference of Defence Associations.

In addition to serving as Vice-President of the International Institutional and Municipal Parking Congress and on the Highway Research Board, in Washington, D.C., he finds time to work with the Good Neighbours Club, a care centre for aged and disabled men, as Vice-President.

It is our good fortune that he became involved with our club which he has supported enthusiastically for many years as a member, as a Director, and more recently as an Executive Officer, including the position of Secretary. Mr. President, the committee is confident that Brig. Gen. Lewis will provide the capable leadership that has been the hallmark of Presidents of The Empire Club of Canada since 1903.

On behalf of the Nominating Committee, I move the acceptance of this report.

MR. HERMANT:

It is moved by Mr. Karn and seconded by Sir Arthur Chetwynd that the report of the Nominating Committee be adopted. On behalf of the Board of Directors and the members of the club, I would like to thank Mr. William Karn for doing his usual capable and efficient job in tendering this excellent report.

Are there any further nominations? Moved by John Griffin and seconded by Gordon Waldie that nominations be closed. Carried.

I would ask the Secretary of the club, Mr. Leland Ausman, to cast a single ballot for those Directors named in the report of the Nominating Committee. Mr. Ausman.

MR. AUSMAN:

Mr. President: As Secretary, and under the terms of Article III-3 of the Constitution of The Empire Club of Canada, I hereby cast this single ballot in favour of those whose names have been read by the Chairman of the Nominating Committee as members of the Board of Directors for 1978-1979.

MR. HERMANT:

I now declare these members duly elected as Directors of The Empire Club of Canada for the ensuing year and it is my pleasant duty to ask the president-designate, B.Gen. Reginald W. Lewis, to address us briefly.

BRIG. GEN. REGINALD W. LEWIS, C.D.

Mr. President, distinguished guests, ladies and gentlemen: I want to thank Mr. Karn for his most kind and intimidating remarks.

I know you would wish to join me in thanking Peter Hermant for the splendid program of speakers he has presented to us during his year as the 75th President of the club.

I know too that you would like to join me in wishing both Katie and Peter Hermant Godspeed and most fulfilling experiences whilst they are living in the United Kingdom, where they go to reside for the next year or so.

I am deeply conscious of the honour you have done me in electing me President of this most illustrious of luncheon clubs. I am no less conscious of the obligation I have incurred by accepting the Presidency. I will do my best to justify your confidence.

I assure you that your newly appointed Board of Directors and myself will do our best to bring you next season an informed and interesting program of speakers. So too will we endeavour to appropriately recognize and celebrate the 75th anniversary of the club.

Ladies and gentlemen, I do thank you.

I do wish you a joyous summer and I look forward with keen anticipation to seeing you during the next season of the club.

APRIL 27, 1978

The Museum—Past, Present and Future

AN ADDRESS BY Dr. James E. Cruise,
DIRECTOR,
THE ROYAL ONTARIO MUSEUM

CHAIRMAN The President,
Peter Hermant

MR. HERMANT:

Ladies and gentlemen: One of the unique, interesting and, therefore, very Empire Club traditions is that immediately upon becoming a Past President by means of the ballot which has just been cast, one is instantly called upon to introduce the guest speaker.

But perhaps that is particularly apt today because, I suppose, Past Presidents qualify as relics and certainly our guest of honour today has more than a passing acquaintance with relics.

When he was nominated as Director of the Royal Ontario Museum on July 1, 1975, the appointment of Dr. James Edwin Cruise "rocked museum circles far and wide", according to *The Financial Post*—since he was a man who had come out of nowhere. In fact, he was working at the time as Associate Dean and Professor of Botany at the University of Toronto.

And yet the choice of Dr. James Cruise would appear to have been an eminently sensible one if one looks into the background.

James Cruise was born in Port Dover, Ontario, and was educated in public schools in Woodhouse, Port Dover, and Simcoe.

Having graduated from high school, he joined the RCAF and served during the war as an air navigator and navigation instructor until he was discharged following the hostilities with the rank of Flying Officer.

He continued his education and earned his Bachelor of Arts in Biology at the University of Toronto and his Master of Science and Ph.D. at Cornell University. He commenced his teaching career at Cornell and taught also at the State University of New Jersey and Princeton before returning to his alma mater.

Successfully combining his academic career with administrative talents, he has served as president of the Ontario Society of Biologists, secretary of the Canadian Botanical Association, where he is also on the awards committee, and consultant to the National Science Foundation in Washington, as well as being an editorial consultant to a host of Canadian and American journals.

Cruise himself is a prolific writer in his field and has authored and/or collaborated on thirty-eight books, papers or pamphlets, at last count, and has four in progress at the present time. If there is any truth to the old "publish or perish" adage, Dr. Cruise is immortal.

It was not surprising then that the Board of Trustees chose this "outsider" to become the Director of the largest museum in Canada—one of the top ten museums in the world, housing more than six billion artifacts—with an annual budget in the area of eight million dollars, a staff of some 350 people, volunteer membership of some five thousand, and an attendance of more than one and a quarter million people a year.

"I'm sure I wasn't selected because of any inner knowledge of the workings of the museum," Cruise told William McVicar of *The Globe and Mail* immediately after his appointment, "but I do have administrative experience and experience in some cognate scholastic disciplines. I feel I have the advantages of an insider. I've been a friend of the museum since I was an undergraduate."

He is also "a museum man", a term devised by J. B. Priestley, in that he told David Quinter in *The Star* that he is "an excessive collector—postage stamps, coins, and antiques."

And as an aside, the farm on which he was born in Port Dover and which he maintains today as a combination artistic (he is a metal and wood sculptor) and agricultural retreat (he raises mute swans and Aberdeen Angus cattle) is, once again in his words, "stuffed with Canadiana".

He has a very clear and positive idea of where the museum should be going. In an article entitled, "ROM's New Director Wants a Museum with More Pizzaz", Dr. Cruise explained that he saw the museum as a hub of social life for the city; that he wanted music to be performed there and soirées to be held on the premises; that he saw his role as director as bringing a sense of direction and excitement to the museum.

Any of you who were lucky enough to squeeze into the building last week for a celebration called "Romerama" and who viewed the various displays from medieval sword-fighting to pillow-lace manufacture and heard music ranging from contemporary to the strains of a steel band will attest to the fact that the ROM is alive, well and extremely vibrant.

Ladies and gentlemen, it's a pleasure for me to introduce to you the Director of the Royal Ontario Museum, Dr. James E. Cruise, who will address us under the title, "The Museum—Past, Present and Future".

DR. CRUISE:

Mr. President, distinguished head table guests, members and guests of The Empire Club of Canada.

It is an honour for me to be able to speak with you about the Royal Ontario Museum, its illustrious past, its intriguing present and exciting future.

Our Royal Ontario Museum, located right here in Toronto, is one of the great museums of the world today. I am able to make this statement in all modesty, since I am completing only my third year as the museum's Director and, in the words of a slogan with which you will become very familiar during the next few years "ROM wasn't built in a day". As a matter of fact, we are building today on a fine, firm foundation laid over many decades by dedicated volunteers and staff.

There are few major museums in existence which still hold together under one roof both science and art and archaeology departments in the way of the ROM (allow me to use this popular acronym from time to time in the interests of completing the story I wish to tell in these minutes which have been allotted for the purpose). I have been informed recently by the International Association of Art Teachers that they know of no single building in North America which presents to the visiting public so many different kinds of three-dimentional visual experiences as does the Royal Ontario Museum, with its galleries of natural history scientific specimens and its world-famous collections of man-made artifacts spanning at least 35 centuries of our technology and culture on this planet Earth.

Let me go back for a moment to the beginnings of this great Toronto Museum. The assemblage of our collections began early in the last century, and a provincial museum was established in 1851 in the Normal Model School. Just as the Smithsonian Institution in Washington is referred to as that nation's "attic", so the collections of the little provincial museum on St. James Square (now the site of Ryerson Polytechnical Institute) grew slowly and in a haphazard manner through gifts and bequests of private collections and of items which heirs felt were too good to throw out.

In 1876, a boy was born in the village of Exeter, Ontario who was destined to have a great influence on the museum world. His name was Charles Trick Currelly. My own great uncle, the Rev. Jasper Wilson, was later stationed with his family at the Methodist Church and Manse at Exeter, and

Jasper Wilson tutored ten-year-old Charles Currelly in Latin and Greek during the winter of 1886/87. Currelly graduated from Victoria College of the University of Toronto in 1898, served as a missionary-minister in Northern Manitoba for the next two years and then, armed with a few ancient Roman coins, set sail in the spring of 1902 for the British Museum. The coins gave Currelly a chance to meet the famous Egyptologist Sir William Flinders Petrie, who was intrigued enough by young Currelly's ambition, drive and seemingly insatiable curiosity to offer him a position on the staff of the committee of the Egypt Exploration Fund.

These next few years, spent with Flinders Petrie in Egypt and in and around the British Museum, made Charles Currelly determined to devote the remainder of his life to the amassing of a great museum collection for Canada. Although it was Victoria College which had assisted him during his early years overseas, Currelly decided that the museum which must be re-established in a new building in Toronto must be an integral part of the total university, rather than of just one of its federated colleges.

Sir Edmund Osler, Mrs. H. D. Warren and other Toronto officials and philanthropists visited Dr. Currelly while he was working in Egypt in 1906. Some of you may recall a photograph of that party astride camels at one of the pyramids, a photograph which was reproduced recently in one of our Toronto newspapers.

C. T. Currelly was a dogged and determined young man, and by 1910 he had convinced Sir Edmund Walker, the Chairman of the Board of Governors of the University of Toronto, to support his cause.

The Royal Ontario Museum was established in 1912 by an Act of the Legislative Assembly of Ontario. It was originally five separate museums, each with its own director, the Royal Ontario Museums of Archaeology, Geology, Mineralogy, Palaeontology and Zoology, all to share the one long narrow building which is now the west or rear wing of the ROM. This building runs parallel to Philosophers' Walk, and the front entrance of the museum was from Bloor Street, near the present location of the stone gateway leading down to the walk which was constructed over Taddle Creek. A still prominent local plant nursery maintained a sales station across the street from the new museum, where the Park Plaza Hotel was later to be constructed. The museum building was officially opened by H.R.H. the Duke of Connaught on March 14, 1914.

Dr. Currelly was of course the Director of the Royal Ontario Museum of Archaeology, and during the twenty-year period from 1912 to 1932 the collections under his curatorship grew prodigiously. There were of course no national or international laws to control or prohibit the buying, selling and export of national cultural heritage. The League of Nations, after its establishment, had concerns other than with the international movements of artifacts and collections and so, individuals and institutions with the will and with the financial resources busily acquired treasures from around the world.

Dr. Currelly did not have much of an acquitions budget during these years. The museum was always a relatively poverty-stricken division of the university, and the government of the province never permitted the use of tax-generated revenues for the purchase of artifacts. Dr. Currelly reports that the first Board of Trustees, appointed in 1912, knew that the museum had substantial financial debts, but never inquired into them. He says "I kept the debts at about $80,000 for some years. The Board knew there were debts, and that they were heavy, but officially took no cognizance of the matter." This situation changed in 1916, when the Board instructed Currelly that no more purchases were to be made except for cash payments.

Dr. Currelly had a discerning eye, not only for archaeological finds of museum quality, but also for people. He seems to have been able to spot world travellers and international dealers who were discriminating and who, in many instances came to know and respect the growing collections to which they were contributing in this vigorous young North American museum.

When Dr. Currelly learned of the availability of an artifact or a collection which seemed important, whether he had the necessary funds or not his typical cabled response seems to have been "ship it".

His way with people included the ability to recognize those individuals with substantial personal wealth, and then perhaps more importantly for the sake of the museum to persuade them to pay for and present the items which were frequently by this time already on the high seas and addressed to Toronto.

I hesitate to mention the names of any of these benefactors for there were many, but two of the very generous ones have already been named, Sir Edmund Walker and Mrs. H. D. Warren. Mrs. Warren, an American by birth, lived at the corner of Wellesley and Jarvis Streets, was the very successful Chief Executive Officer of the Gutta Percha Rubber Company, and an extremely generous and cooperative friend of Dr. Currelly. In his own autobiography, Dr. Currelly pays tribute as well to the generosity of Sir Robert Mond, Sir Edmund Osler, Sir William Ridgeway, Dr. Alan Sturge and Dr. Sigmund Samuel.

Mummies and mummy cases and canopic jars containing mummified human internal organs, stone and wooden sarcophagi and painted wall reliefs arrived from Egypt. From Greece and Italy came thousands of bronze and gold coins, clay lamps and a stunning collection of red and black pottery jars, jugs and amphorae, all from before the time of Christ.

Truly exceptional artifacts began to flow to the museum from China, and three men were particularly responsible for feeding these treasures to Dr. Currelly, who himself never made the trip to the Far East. Mr. George Crofts was a fur merchant whose casual first visit to Dr. Currelly's office in November of 1918 was to significantly change the future of the institution. Mr. Crofts had some photographs of artifacts with him and Dr. Currelly said "I've seen nothing like them. No such objects as these have so far appeared in England."

"You're quite right," was Crofts reply, "these are the finest so far discovered."

Currelly said, "Perhaps you would rather not talk prices, since we have no money, but if you would have no objection to telling me, I should very much like to know the price of these two objects," and he held up the photographs.

Crofts replied, " I have a strong feeling you would be worth helping here in Toronto, and I should like very much to help you. You could have those for . . ."

And he mentioned fewer hundreds than Currelly had expected thousands.

Currelly gasped and said, "Then how much would this be? And this? And this?"

Crofts did some rapid figuring, and Currelly did some fervent hoping that he wouldn't wake up to find that it had all been a dream. Here was the finest collection of T'ang objects Currelly had ever seen, at about one-fifteenth of what he estimated their price to be.

Currelly said, "Let me have the photographs please. I'm not allowed to run into debt for the museum, but I'll tear the money out of Toronto in ten cent pieces before we'll let such a chance as this slip by."

And of course all of those T'ang objects and thousands more came into the collections of the Royal Ontario Museum. Mr. Crofts travelled extensively in China and kept shipping a steady flow of artifacts to the ROM during the years from 1918 until his death in 1924.

The Rt. Rev. W. C. White served as the Anglican Bishop of Honan Province during the period from 1920 to 1936. Bishop White collected assiduously for the museum and, upon his retirement returned to establish the Department of East Asian Studies at the University of Toronto. Through

The club is addressed by Dr. James E. Cruise, Director, the Royal Ontario Museum. With him at head table are Peter Hermant, William Karn and Sydney Hermant.

the efforts of Mr. Crofts and Bishop White, the museum came to possess world-quality collections of Shang Dynasty cast bronze vessels (from around the 14th century B.C., and with some of the earliest written Chinese language incised into them), ceramic tomb figurines representing Chinese people of all ranks and professions, visitors from Western Asia and the Mediterranean countries, horses and other domestic animals, and as well stables, houses and living compounds, many of these perfectly preserved artifacts also dating from before the time of Christ.

Through the Rev. James Menzies, the father of Mr. James Menzies who is currently Canada's Ambassador to the People's Republic of China, the ROM acquired the world's largest and most important collection of oracle bones. These animal bones were used to foretell future events and are important because they have etched into their surfaces the oldest known Chinese characters. We are fortunate at the museum not only to have the greatest collection of these ancient oracle bones, but also to have now on our staff a young man, Dr. James Hsu, who is the leading authority in their interpretation. Dr. Hsu is currently working on his third book and scholars throughout the world know of the importance of these Toronto collections.

Our museum has come also to possess the largest extant collection of Chinese Imperial Court robes, hundreds of silk ceremonial robes, embroidered and re-embroidered in coloured silks and silver and gold threads.

There are many fascinating stories about the acquisition of the Chinese treasures, particularly the Ming Tomb and associated stone statues and structures. Some of these items from China came to us through the collapse of Austria after the First War. During the Boxer troubles, an Italian contingent in China decided to appropriate and drag away two of the largest and finest Dogs of Fu ever known, weighing about fifteen tons each, and superbly carved. The Italians soon tired of this pursuit, and George Crofts was later able to buy the two abandoned Fu Dogs for $500. A little later Crofts purchased the tomb of General Tsu Ta Cheou with the archways and some of the statues of the avenue leading to it. The tomb is of Ming Dynasty, that is dating from a little after 1500 A.D., but fortunately for us one of the archways had been taken from an earlier tomb and is from the glorious period between 1000 and 1100 A.D.

It cost the museum $200 to disassemble these great sculptures in the interior of China and bring them to the coast on three flatcars, but with all our scientific modern lifting apparatus in Toronto, it cost $365 to bring them from Union Station into the museum yard. This particular Crofts shipment to the Royal Ontario Museum weighed 150 tons.

You will note that I have been speaking at length about the Museum of Archaeology, but let us not forget the four museums of science, whose Directors during these decades were prominent members of the university faculty.

Dr. Arthur Philemon Coleman served as the Director of the Museum of Geology from 1913 to 1922. The Museum of Mineralogy was directed by Dr. Thomas Leonard Walker from 1913 to 1937. Dr. William Arthur Parks directed the Museum of Palaeontology from 1913 to 1936 and the Museum of Zoology was headed by Dr. Benjamin Arthur Bensley from 1914 to 1934.

Each of these distinguished museum scientists has been immortalized for me in a different way. Mount Coleman in the Canadian Rockies was named for A. P. Coleman. The Walker Mineralogy Club still holds its monthly meetings in the museum. Dr. W. A. Parks had much to do with the selection of the ornamental Ontario building stones used in the construction of the 1932 wing of the museum, and was the father of Dr. Arthur E. Parks, today one of Canada's renowned senior surgeons. Professor B. A. Bensley was the author of the hard-covered text which became the Bible of every second year zoology student in Canada, "Bensley's Practical Anatomy of the Rabbit".

By 1932 the five museums were hopelessly crowded in the 1912 building. The university demolished Argyle House, the three-storied Victorian mansion of the Archibald Hamilton Campbell family at 100 Queen's Park and proceeded with a tremendous expansion of the museum building.

The Great Depression was deeply entrenched, and the decision was taken to have all the excavation done by hand by men with shovels. These men were paid twenty-five cents per hour. The records do not show whether at that wage the men provided their own shovels or whether equipment belonged to the contractor. The records do show however that these labourers were allowed to work only on alternate weeks, thereby providing some employment for twice as many.

Alfred Chapman was the architect and *Construction* magazine of November 1933 makes the following comment on the finished building: "It is a building of real distinction, of which the citizens of Ontario may well be proud, and which does credit to those who were identified in bringing it into being."

The late A. S. Mathers, writing in the *Journal* of the Royal Architectural Institute of Canada in 1933 had this to say: "The interior of the building is a surprise and a pleasant one; the somewhat complicated ornament of the facade is forgotten and a plan on the grand manner unfolds itself. It is simple, direct and big in scale. One is convinced that the early Beaux Arts training of the designer has not been in vain. The outstanding feature of the interior is the glass mosaic ceiling of the entrance rotunda. It is executed in colours and gold, and strikes a fine note in the one part of the building which the architect could decorate without conflicting with the exhibits."

A major reorganization of the total museum took place in 1955, and the five distinct museums became three divisions of a single institution under one Director, Dr. Theodore Allen Heinrich. Dr. A. D. Tushingham became head of the Division of Art & Archaeology, Dr. V. B. Meen, head of the Division of Earth Sciences, and Dr. F. A. Urquhart, head of the Life Sciences Division.

In 1963, Dr. W. E. Swinton succeeded Dr. Heinrich as the Director and Dr. Tushingham became the Chief Archaeologist, Dr. Meen, the Chief Mineralogist, and Dr. Loris S. Russell, the Chief Biologist.

Dr. Peter Swann, an Orientalist, succeeded Dr. Swinton in 1966 and he was a strong advocate of showmanship in museum display and community participation in museum programmes. In 1968, during Dr. Swann's tenure, two major events occurred at the ROM—the opening of the crowd-pleasing McLaughlin Planetarium and the separation of the ROM from the University of Toronto. During the time Dr. Swann was at the museum (1966-1972), attendance doubled, government support greatly increased, and the museum received more publicity each week than it had formerly received each year.

In 1972 Dr. Walter Tovell, Mr. Maxwell Henderson and Dr. W. B. Scott became the new management team concerned with the future of the ROM. They served wisely and well during their three-year term, bringing the plans for expansion and renovation further along the road to realization. I am sure no one will forget the outstanding exhibition held in the museum during the summer and fall of 1974, entitled "The Exhibition of Archaeological Finds of the People's Republic of China". It was the largest exhibition ever shown in the museum's history. The credit for the successful conclusion to the long and complex negotiations for staging the exhibition goes to Mr. Noah Torno, the Chairman at the time, Dr. Tovell and Mr. Henderson.

I have taken up a lot of your time with a review of the museum's history, and you may well ask about today. What goes on at the ROM in 1978, how large is the staff, what kinds of people work there, and what are the institutional priorities and goals?

Although entirely separated administratively from the University of Toronto since 1968, the museum still maintains close academic links, and about twenty-five of the seventy-five curatorial staff members are cross-appointed to a variety of departments at the university. These curators are responsible for the care of the collections in twenty different departments; they do research and publish in scholarly and scientific journals, much as university professors do. In addition they teach undergraduate and graduate university students, and are responsible as well for the scholarly input to our gallery displays, special exhibitions, travelling exhibits, school cases and museumobiles.

My own position is so challenging because of the numbers and nature of the people with whom I interact during the course of a normal day or week. Our Board of Trustees consists of twenty-one dedicated volunteers of whom fifteen are appointees of the province. Our full-time staff numbers 377, and is augmented by the efforts of some two hundred remarkable volunteers. The museum has 5,300 annual and higher category members at the present time. Education, extension services to areas outside Metropolitan Toronto, and museum services to the 330 other museums in Ontario and the more than 1,500 in Canada are high priority features of our total programme. Our clientele on the main site includes nearly 1,000 students per day of the academic year, for an annual total of some 200,000 students in organized groups, and a total annual attendance in excess of one million visitors. The Sigmund Samuel Gallery of Canadiana at 14 Queen's Park Crescent West and the Samuel R. McLaughlin Planetarium are integral parts of the Royal Ontario Museum.

The museum possesses the world-famous collections to which I have earlier referred, and many others. Our collections of Canadian textiles and costumes, of Islamic textiles of the 8th to 10th century A.D., and of 17th century French printed textiles are the best in the world.

In addition, we are a world centre for the study of tropical bats, with some 35,000 specimens of these, not to omit mention of our approximately one million insect specimens.

Our current staff is of high calibre. The great need at this stage in our history is for space. In 1933 the museum had four and a half acres of public gallery space and a staff of sixty. In the forty-five intervening years the collections have grown tremendously, the staff has increased 6.3 fold, there has been more than a 30 per cent encroachment on public gallery space, and these public gallery areas now total less than three acres. In addition, the museum now operates as well from six rented off-site locations.

Our Board of Trustees has planned well. They have decided to hold the museum's Art & Archaeology and Science Departments together in one institution, and have decided to essentially double the floor space of the museum through in-fill construction at the familiar Bloor Street and Queen's Park location.

The existing H-shaped building will be converted into what will be an energy-efficient rectangular structure. For the first time the priceless heritage of our collections will be stored in environmentally controlled atmospheres, dry air for Chinese bronzes and Egyptian mummies, consistently humid conditions for inlaid furniture and other artifacts of wood, and on-site cold storage for the furs of garments and the study pelts of the Mammalogy Department.

And the public will not be forgotten. The existing building will be cleared out to its 1933 level of public gallery space, and completely renovated, with new wiring, plumbing, heating and air-conditioning.

And then, on the Bloor Street side, in the north courtyard, there will be thousands of square metres of brand new gallery space.

Your encouragement and support will be needed to bring the new Royal Ontario Museum of 1982 into being. It is an institution of which all Canadians can be justifiably proud.

The appreciation of the audience was expressed by Mr. Sydney Hermant, Chairman of the Board of Trustees of the Royal Ontario Museum and a Past President of The Empire Club of Canada.

MR. HERMANT:

Ladies and gentlemen: This is, of course, the final meeting of the Empire Club year and I would like to thank you, the members, for doing me the honour of allowing me to serve the club as its President.

It has been an exciting, challenging and interesting year for me—one that I will never forget.

It goes without saying that The Empire Club of Canada has undoubted prestige and reputation, and to be its President is good for one's self-confidence and self-esteem. Let me assure you though, and perhaps this is really meant as advice for Reg Lewis, that one is never far from the harsh edge of reality. Let me quote from a letter I received following my first meeting. "Dear Peter—It's amazing what can be accomplished with a little ham and a rented suit!" With friends like that—you can have a good time!

This meeting and this season is adjourned.

BRIEF TO THE TASK FORCE ON CANADIAN UNITY
SUBMITTED ON BEHALF OF THE EMPIRE CLUB OF CANADA

Ladies and gentlemen:

The Empire Club of Canada is a unique institution which is currently completing its 75th year as a speaker's forum and outlet for opinion. The club meets weekly during the fall and winter months in Toronto and conducts a series of speeches by prominent Canadians and international speakers from all over the world representing all walks of life and points of view.

Additionally, through the Empire Club Foundation, the club has maintained a yearbook throughout its history which is a verbatim transcript of all speeches given to the club. A reading of the yearbooks, since their inception, constitutes a first-person account of the history of Canada, the Commonwealth and the world.

Because the club's history, and that of the country, are so closely interwoven, the Board of Directors felt that it would be fitting and in concert with our constitution that we submit our views on Canadian Unity—the subject which you, the Task Force, are examining.

The rationale for Canadian nationhood, at least in geographic terms, has always been an implausible one. Time, and the development of the North American continent, has showed us over and over again that the natural lines of communication and co-operation are north and south, rather than east and west. Further, the development of the Canadian populace has emphasized this fact, since more than 90 per cent of Canadians live within a hundred miles of our common border with the United States.

While it is true that in terms of pure land mass, Canada is the second largest country in the world, it must be admitted that a great deal of this land mass is as yet uninhabited, uncivilized and even untouched, so for all practical intents and purposes we are dealing with a country that is 4,500 miles long and one hundred miles thin.

Obviously, such a conformation is fraught with difficulties.

We must take issue with those who claim that the fact of our two founding peoples is somehow a myth. In our view, there is no doubt that the English and French together were responsible for the political organization of Canada and that no amount of frustration or compromise will change that fact.

There is a distinct and clearly drawn difference between the people who founded our country, and those who came here of their own free will and through their hard work prospered personally and helped create a nation. If immigration were to go on in its infinite variety, that would still not alter the fact that our country was created politically and culturally by English and French settlers who came here in search of colonization and a new way of life. No Canadian can avoid the responsibility of full citizenship.

In our view, it is important to come to grips with the reality of our present situation. Much as we would wish it, it is impossible to use hindsight and retreat into history or undo well-meaning but incorrect decisions which may have been taken from time to time.

The fact that legal jurisprudence in the Province of Quebec differs from the rest of Canada is a significant factor in setting French Canada apart. Other obvious contributing elements are language and culture.

The awakening of self-realization within the Province of Quebec has tended to polarize national opinion for and against "separateness". Efforts over the last fifteen years to make French Canada feel more at home in the rest of the country have been expensive and not completely successful.

There has been and continues to be a tremendous amount of confusion as to the intention of the bilingual programme as initiated by the present government. In western Canada, the effort has been viewed as a method of artificially creating a French fact throughout the nation. In Quebec, the general view has tended to regard the federal programme as a "sop" to their legitimate grievances.

We think that there are things that can be done to ease the situation in which we find ourselves at present and which will at least make some headway towards settling our differences. We fully realize that as long as human beings exist, the prospect of absolute agreement is not likely in Canada—much as one would wish it.

In essence, we believe that the theory of an officially bilingual country is a good one. Canadians, whether they speak French or English, should have the opportunity of addressing the bureaucracy and the courts in the language of their choice and this would seem to us to be a basic tenent of a united Canada.

In the practical operation of national programmes, the benefits and costs should be apportioned to all parts of the country according to their need. It is important to know that we make a distinction between "bilingualism" and "dualism". In a country where every group can be defined as a minority, we find it difficult to rationalize how only two of these groups should be recognized.

For those who argue that some special status should also be given to other languages which have prominence in the country, we would remind them that the official bilingual policy extends only to those founding languages. Others who have come here are free to speak their tongue and cultivate their culture to the fullest extent, but not with official support.

Further, our feeling is that it would be beneficial to transfer the Canadian constitution from Westminster and enshrine it in Ottawa so that it can finally be a fully Canadian document. We would stress, however, that it is essential for our way and quality of life that the system of parliamentary democracy recognizing the Queen of Canada and the apolitical structure of Governor General and Lieutenant Governors be maintained, both from a traditional and practical point of view.

We believe that many of our problems would be greatly eased if it were possible to reduce the level of economic disparity which presently exists. For example, this is particularly true of the geographic uneveness of economic activity and to this end we believe it would be helpful if the government were to divert some of its assistance funding into plans which would help in moving unemployed workers and their families from depressed areas to those locations where labour is needed. Our belief is generally that a healthy and employed population has little time for political bitterness or violent solutions.

Also, we believe that the government could materially contribute to a feeling of Canadianism by providing and ensuring that travel within Canada is at least as financially attractive as travel outside the country.

It is not necessary to have uniformity in order to be united.

We believe that it is important to recognize practically and legislatively that the Province of Quebec and French Canadians are indeed different from other Canadian provinces and ethnic groupings. In truth, each Canadian province and its peoples have fundamental differences. Canada is not a melting pot, but is a free association of differences all striving for common goals in the Canadian mosaic.

Respectfully submitted,
Peter Hermant,
President

April 20, 1978

1978-1979 *Officers and Board of Directors*

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Honorary Vice-President	THE HON. PAULINE McGIBBON, O.C., B.A., LL.D., D.U., D.HUM.L., B.A.A.(THEATRE), HON. F.R.C.P.S.(C) LIEUTENANT GOVERNOR OF ONTARIO

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Honorary Treasurer	MARVIN GELBER
Honorary Assistant Treasurer	JOHN FISHER, O.C., LL.B., LL.D., D.S.S., D.LITT., D.U.(MONT.)
Honorary Auditor	H. T. JAMIESON, F.C.A.
Honorary Solicitor	THE HON. JOHN P. ROBARTS, P.C., C.C., Q.C.

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J. A. WM. WHITEACRE, M.M., C.D., Q.C.

Constitution

As amended April 26th, 1973

ORGANIZATION OF THE CLUB

ARTICLE I

Name

1. The name of the club shall be The Empire Club of Canada.

Purpose and Object

2. The purpose and object of the club is to promote the interests of Canada and the British Commonwealth by the consideration and discussion of subjects and events relating thereto and by any other means appropriate to the facilities of the club.

MEMBERSHIP

ARTICLE II

Classes of Members

1. The membership of the club shall consist of:
   (a) Honorary members
   (b) Life members
   (c) Regular members
   (d) Corporate members
   All members of classes (a), (b), (c) must be the full age of eighteen years.

Honorary Members

2. Honorary members may be elected by the unanimous vote of those present at a meeting of the board of directors. They shall be exempt from the payment of fees but shall not have the privilege of voting or holding office and their membership shall be terminable at any time by a two thirds majority of those present at a meeting of the board of directors.

Life Members

3. Members of the club in good standing (other than corporate members) and other persons regularly proposed may be elected life members by a two-thirds majority of those present at a meeting of the board of directors. Life members shall pay such a fee in one sum as may be fixed from time to time by the board of directors.

Regular Members

4. Save as provided in Section 5 of this Article candidates for regular membership shall be proposed by a member in good standing and shall be elected by a two-thirds majority of those present at a meeting of the board of directors.
   Save as provided in Section 5 of this Article regular members shall pay respectively such annual fees as may be fixed from time to time by the board of directors. Members elected after the first day of March in any year shall pay one annual fee only in respect of the period from the date of election until the thirtieth day of September in the following year. No member in arrears for fees after January 1 shall be considered in good standing.

Corporate Members

5. Any company, partnership or business organization shall be eligible for election as a corporate member. Applicants shall be proposed by a member in good standing and the application shall contain the names and positions of the persons nominated by the applicant as its representative regular members. The applicant and its nominated representatives shall be elected by a two-thirds majority of those present at a meeting of the board of directors. A corporate member shall be entitled to nominate such number of its representative regular members as may be fixed from time to time by the board of directors and shall pay such annual fee as may be fixed from time to time by the board of directors, provided that such fee shall not be less than the aggregate fees which would have been payable on an indi-

vidual basis by such representative members for the year in question. Save as in this section provided no fee shall be payable by or in respect of the representative regular members of a corporate member.

DIRECTORS

ARTICLE III

Duties and Powers

1. The affairs of the club shall be managed by a board of directors who may exercise all such powers and do all such acts and things as may be exercised or done by the club and are not by the by-laws or by law directed or required to be done by the club at a general meeting of its members. At all meetings of the board of directors the Chairman of the meeting shall have a casting vote.

Number and Quorum

2. The board of directors shall consist of forty members of whom sixteen shall constitute a quorum. The board of directors shall include at least four past presidents of the club, one of whom shall be the immediate past president and three others shall be the three past presidents immediately preceding the immediate past president if they are willing and able to act as directors.

Election of Directors

3. A nominating committee consisting of five members of the board of directors and four other regular members of the club shall be appointed annually by the board of directors at least thirty days prior to the annual meeting and shall prepare a list of nominations for directors for the ensuing year. The chairman or acting chairman of the nominating committee shall report the nominations of that committee to the annual meeting at which the board of directors shall be elected, but nothing herein shall preclude the nomination of other persons for the office of directors at the annual meet-

ing. If nominations do not exceed the number of directors necessary, the chairman of the meeting may instruct the Secretary-Treasurer to cast one ballot in favour of those so nominated and thereupon such persons shall be declared by the chairman to have been duly elected. No person shall be elected a director unless he is a regular member in good standing and is a Canadian citizen or a British subject.

Meetings of Directors

4. Meetings of the board of directors shall be called by the President, or on a requisition signed by three of its members. Written notice of such meetings shall be given to each director five days or more before the meeting is to take place, provided that a meeting may be held at any time if all the directors are present or if those absent have waived notice of or otherwise signified their consent to such meeting being held in their absence or have approved or signified their approval in writing to the proceedings taken at the meeting. The board may appoint a day or days in any month or months for regular meetings, at an hour or place to be named, and of such regular meeting, no notice need be given.

Casual Vacancies

5. In the event of any vacancy occurring in the office of director, the remaining directors may fill the vacancy from among the members for the unexpired portion of the term of office of the person whose office is vacant.

OFFICERS

ARTICLE IV

1. The officers shall consist of an Honorary President, an Honorary Vice-President, a President, First, Second and Third Vice-Presidents, an Honorary Treasurer, an Honorary Secretary, a Secretary and a Treasurer. The board of directors may from time to time elect or appoint such other

officers as it shall deem necessary. The President and the Vice-Presidents shall be directors of the club but other officers need not be directors. No person other than the Honorary President and the Honorary Vice-President shall be eligible for office unless he is a member in good standing. The President shall, when present, preside at all meetings of the members and of the board of directors. During the absence or inability to act of the President, the Vice-Presidents in order of seniority shall act as Chairman at such meetings and otherwise perform and exercise the duties and powers of the President.

Appointment of Officers

2. The board of directors shall meet as soon as convenient after their election for the purpose of appointing the officers of the club for the period ending April 30 in the next year but each officer shall continue in office until his successor is elected.

Casual Vacancies

3. In the event of a vacancy occurring in any office the board of directors may fill the vacancy for the unexpired portion of the term.

Honorary Auditor

4. An Honorary Auditor shall be appointed at each annual meeting. An audited statement of the finances of the club for the fiscal year shall be published annually and a copy shall be sent to each member.

COMMITTEES

ARTICLE V

1. The following standing committees and the chairman of each shall be appointed by the board of directors as soon as convenient after the election of the board:
   (a) Budget and Finance Committee

(b) Speakers Committee
(c) Membership Committee
(d) Constitution Committee
(e) Reception Committee
(f) Publicity and Public Relations Committee
(g) Year Book Committee
(h) Head Table Committee

provided that for any year the board of directors may by resolution elect not to appoint any one or more of such committees.

2. The President or the board of directors may from time to time appoint such other committees as may be deemed expedient.

MEETINGS OF MEMBERS

ARTICLE VI

General Meetings

1. The club shall hold general meetings weekly, if possible, from October to April, both inclusive, in each twelve months with such intermissions as may from time to time be determined by the board of directors. Special meetings of the club may be called at any time by the President.

Annual Meeting

2. The annual meeting shall be held not later than April 30 in each year. At the annual meeting a report of the year's proceedings and work shall be submitted by the President and this report shall be accompanied by an interim report from the Secretary-Treasurer.

Notice of Meetings

3. Written notice of all meetings of members shall be given all members of the club before the date on which the meeting is to be held. Such notice shall be sufficient if addressed to the members, and deposited post paid in the post office in Toronto. The accidental failure or omission to give notice to

any member shall not invalidate the proceedings at any meeting.

Quorum at Meetings

4. Sixteen members in good standing shall constitute a quorum at any meeting of the club, general, annual or special, and the Chairman of the meeting shall have a casting vote.

Limitation of Business at General Meetings

5. No business other than the hearing of the addresses shall be introduced at any meeting of the club by any person other than the chairman of the meeting, unless it has been submitted to the board of directors and received its approval.

FISCAL YEAR

ARTICLE VII

The fiscal year of the club shall end on such day in each year as may be fixed by the board of directors but unless so fixed by the board shall end on April 30.

AMENDMENTS

ARTICLE VIII

Subject to the provisions of The Corporation Act this constitution may be amended by the board of directors, but unless in the meantime confirmed by a majority of the members present in person at a meeting of the members duly called for that purpose, any amendment is effective only until the next annual meeting of members unless so confirmed thereat and, in default of such confirmation thereat ceases to have effect at and from that time, and in that case no new amendment of the same or like substance has any effect until confirmed at a meeting of the members.

Membership

1977–1978

HONORARY MEMBERS

Cartwright, The Hon. Mr. Justice J.R.
Comber, Walter W.
Gardiner, F.G., Q.C.
Gillingham, W/C Harold G.
Harpham, Horace
Jamieson, H.T., F.C.A.
Kemp, A.S.H.
McIntyre, W.M.
Michener, The Rt. Hon. Roland, P.C., C.C., C.M.M., C.D., Q.C.
Ralph, R. Ford

LIFE MEMBERS

Allan, William N.
Anderson, D.S.
Ash, W.M.V.
Bagnato, Victor V.
Bassett, John
Batty, Joseph
Baxter, Ian S.
Beare, S.E.
Beatty, D.S.
Bennett, Dr. Ross C.
Best, Douglas W.
Borins, Norman
Boyles, Thomas A.
Brooks-Hill, F.B.
Burns, Charles F.W.
Burke, E.T.C.
Carter, Charles
Caswell, W.A., J.P.
Craig, Lt. Col. John A.D.
Cranfield, Dr. Harold V.
Crummey, Dr. Clarence B.
Deacon, Fraser
DelZotto, Elvio
Douglas, Lt. Col. R.G., O.ST.J., C.D.
Du Vernet, E.A., Q.C.
Eaton, Donald L.H.
Eisen, Sol.
Fabbro, J.J.
Fletcher, S.S.
Frost, Lt. Col. C.S. Jr., Q.C.
Gillingham, W/C Harold G.
Gore, Graham M.
Griffin, Ian A.
Griffin, John W.
Hargraft, G.M.
Hellyer, Hon. Paul T., P.C., M.P.
Hermant, Adam B.T.
Hermant, John D.
Hermant, Peter
Hermant, Sydney
Hilborn, Col. Robt. H., M.V.O., M.B.E., C.D.
Hoffman, Charles C.
Holliday, John R.
Howse, T.H.
Hughes, James O.
Inwood, A.E.M.
Jackman, H.N.R.
Jackman, H.R., Q.C.
Jackman, W. Henry
Jones, Trevor L.
Joyce, James H.
Jupp, Lt. Col. D.H., O.B.E.
Karn, William M.
Kent, J. Palmer, Q.C.
Kitchen, Rev. S.
Lambert, A.T.
Lawson, H.R.
Legge, Brig. Gen. B.J., C.ST.J., E.D., C.D., Q.C.
Mackinnon, Lt. Col. A.P.
Martin, J. Andrew
Matthews, Maj. Gen. A.B.
Matthews, Beverley, C.B.E., Q.C.
May, Miss Gladys
McCrimmon, Maj. J.S.G.
Mikkila, W.G.

Mylrea, A.J.
Neelands, D.G.
Pallett, John C.
Parish, Dr. James A.
Pearson, Prof. Norman, F.R.T.P.I.
Reid, W.H.
Reuber, Grant L.
Ridley, John B.
Rokeby-Thomas, The Rev. Dr. H.R.
Roman, S.B.
Rutherford, Lt. Col. R.C.
Samis, Dr. T. Tweed
Sandy, J.
Shefsky, Samuel V.
Smeed, James J.R.
Smith, Carleton
Stark, Hon. Mr. Justice Alexander, Q.C.
Strathy, Col. J.G.K.
Sullivan, Senator J.A., M.D.
Thompson, Eric F.
Thomson, K.R.
Turnbull, R.
Turner, Capt. T.C., C.D., R.C.N.R.
Tuz, Paul J.
Waldie, Gordon
Watkins, William B.
Webster, R.H.
Williams, J.K.
Winkler, Sydney
Wotherspoon, G.D.
Yamaguchi, Koichiro

REGULAR MEMBERS

Abbott, Dr. Derreck
Abdulla, F.A.
Abel, Albert S.
Abernethy, Wilson
Abrams, Alan W.
Ackermann, Rudolf
Adair, Joseph
Adam, James L.
Adams, Anthony S.
Adams, George W.
Adams, Ms. Patricia
Adams, W.H.
Adamson, Edwin F.
Adamson, G.A.
Adamson, Walter
Addison, Wm. G.
Ades, David
Adourian, Setrak
Adye, Rev. Canon E.R.G.
Agar, Harold A.
Aggett, Harold G.
Aird, David M.
Aitchison, Ian A.
Akerfeldt, Stephen C.
Alberts, Edgar T.
Albery, A.C.R.
Alboini, V.P.
Alexander, H.H.
Allan, Dr. Blandford
Allen, C.R.E.
Allen, Miss Jane E.
Allen, John F.
Allen, Dr. Michael S., F.R.C.S.(C)
Alles, David K.
Allingham, N.W.
Allison, A.
Allworth, Mrs. Mona C.
Alton, T.R.
Alway, Richard M.
Amato, L.
Ambrose, Graham H.
Ambrose, Sheriff P.J.
Amos, A.A.
Amos, J.L.
Anderson, Allan J.
Anderson, Brian E.
Anderson, Donald R.
Anderson, Douglas D.
Anderson, Dr. J.G.D.
Anderson, Gen. W.A.B.
Andras, John
Andras, K.B.
Andrew, Donald E.
Andrunyk, S.F.
Angus, D.L.
Angus, Jas. K.
Anklewicz, Larry
Anthony, R.F.K.
Apple, B. Nixon, Q.C.
Appleton, C.N.
Archbold, Wm. D.
Archibald, C.R., Q.C.

Archibald, H. David
Archibald, Ruth F.
Argent, Dr. W.R.
Armitage, Donald
Armour, A. Douglas
Armstrong, G.E.
Armstrong, Gordon V.
Armstrong, G. Warren
Armstrong, Jas. A.
Armstrong, Michael M.
Armstrong, Robert L.
Armstrong, W. Jonathan
Arthur, J.G.
Arthur, Philip D.
Ashton, Mrs. Toni
Astley, D.B.
Aston, Brian
Atherton, C.
Atkins, David H.
Atkinson, David W.
Atkinson, Miss Linda
Attewell, W.C.
Ausman, Leland H.
Avery, William M.
Axford, Michael J.
Aymong, A.M.

Babensee, Robert W.
Back, Samuel
Badgley, F.H.
Baehr, Hans A.
Bahlman, Miss Myrtle
Bailey, James A.
Bailey, John H.
Bailey, William H.C.
Bailie, A.A.
Baillie, James
Bainard, Roy H.
Baker, Catherine E.A.
Baker, Gordon Roy
Baker, Herb F.
Baker, J.J.
Bales, Dalton A.
Balfour, Ian C.C.
Balfour, Norman E.
Ball, H. Graham
Band, John T.
Band, Miss Sarah
Bankes, Mrs. Betty Jean
Bankes, J.M.
Banner, Dr. Mac
Barber, Col. J.R., E.D., C.D.
Barber, William
Bark, Chad F.
Barltrop, C.S.
Barnard, Peter
Barnes, Mrs. Marjorie
Barnes, Robert E.
Barr, David E.
Barr, Ms. Margaret
Barraclough, James B.
Barrett, L.C.
Barrow, J.C.
Barselaar, Peter A.
Barstow, J.M.
Bartels, Klaus
Bassel, J.P., Q.C.
Bassett, Raymond J.
Bastien, Dr. Gerard
Batchelor, Gordon T.
Bate, Wm. B.
Bath, D.H.W.
Baxter, R.D.
Bayne, Sanders H.
Beamish, K.J.
Beange, J. Edna
Beattie, A.
Beatty, James D.
Beatty, R.I.
Beauchamp, Walter N.
Beavis, Frederick J.
Beckerman, Irving
Bedborough, Mrs. Cynthia
Bedbrook, Walter J.
Beer, Mrs. B.S.
Bell, B. Gen. George G., M.B.E., C.D.
Bell, J. Donald, Q.C.
Bell, John David
Bell, Norman B.
Bell, Norman H.
Bell, Norman O.
Belyea, Abner B.
Bennett, Hon. Claude F.
Bennett, Chief Judge Colin E.
Bennett, David T.
Bennett, Ms. Jalynn H.
Bennett, R.F.
Benson, Paul
Bentley, D. Fraser
Berghuis, Wm. W.
Bernardine, Ashley

Berry, Dr. Henry
Berry, K. Wayne
Besko, Mrs. A.
Best, Eileen
Biddell, J.L.
Bidell, William
Bielski, Casimir M.B., Q.C.
Biggs, G.L.
Biggs, Stanley C., Q.C.
Bilbrough, W.H.
Bilodeau, André
Binmore, David R.
Binnie, William Ian Corneil
Birch, Hon. Margaret
Bird, S.J. Glenn
Biringer, Paul P.
Birkenmayer, Mrs. S.A.
Birkness, Brian
Birrell, Dr. R.G.
Bishop, Allan D.
Bishop, George Robert
Bishop, N. Jane
Bisogni, Adriano
Bjarnason, Thomas H.
Blachford, H.A.
Blackmore, Roger
Blaikie, Ross W.
Blair, Florence L.
Blair, S.M.
Blair, W. D'Arcy
Blair, Willis L.
Blane, Robert
Blaney, James William
Blay, J.A.
Bloemen, P.J.M.
Bloomberg, Lawrence
Bloxam, William
Boddy, A. Lloyd
Boddy, R. Paul
Bolliger, Heinz E.
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Bonus, W.H.
Book, Ira E.
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Borinsky, Maxime
Borosa, Walter A.
Borrie, D.
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Botnick, Harry P.
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Brown, Colin M.

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Butler, Ian
Butler, Joan Seeley
Byrne, B. Mae

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Gibson, Robert O.
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Gourlay, W.B.
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Jones, D.W., F.C.I.S.
Jones, K.H.
Jones, T.L.
Jones, Trevor G.
Jones, W. Gordon
Joseph, B.V.
Josephson, Dr. J.E.
Joshua, R.
Jousse, Dr. A.T., F.R.C.P.(C)
Joy, A.P.G., Q.C.
Joynt, Dr. G. Henry
Juneja, Diljit S., F.I.A., F.C.I.A.
Jupp, E.A., Q.C.
Jupp, G. Alex
Justice, C.A.
Justin, Jan

Karn, Donald W.
Karn, Mrs. Elfreda W.
Kasman, Barry H.
Kasman, Sheldon M.
Kasprow, W.
Kavanagh, Terence
Kay, Robert C.
Kay, W.R.
Kearns, James H.
Keavenly, Derek G.
Kee, George M.
Keefe, T.J.
Keel, Robert G.
Kellam, Rowena
Kelleher, E. John
Keller, Walter
Kenly, Miss M.L.
Kennedy, A. Judd
Kennedy, A.P.
Kennedy, Shiela Helen
Kenney, Ray L.
Kenny, M.K.
Kent, T.D.
Kent, T. Edward
Kernaghan, K.W., Q.C.
Kerr, James W.
Kerr, John E., Q.C.
Kerr, Wm. R.
Kershaw, V.B.
Keyes, Norman J.
Kichler, Harry A.
Kieran, John W.
Kihn, Richard K.
Kilpatrick, Brian
King, Christopher C.
King, Dr. John Leslie
King, T.A.
King, Wilfred B.
King-Wilson, Ms. Joy D.
Kingsmill, Mrs. Mary C.
Kinsella, Patrick
Kircheiss, Mrs. Ellen A.
Kirkland, Graeme
Kirkpatrick, Roland C.
Klassen, Robert John
Klein, Stephen H.
Kline, Carol

Kniewasser, A.G.
Knight, J. Forbes
Kochen, Harvey
Koehler, K.G.
Koffler, Murray B.
Kofman, Dr. Oscar S., F.A.C.P., F.R.C.P.(C)
Kogler, Rudolf K.
Kortright, L.H.G.
Kouwenhoven, S.
Koven, Mrs. Anne
Kowalski, Adam E.R.
Kowalski, Edita
Kozak, Lubomir
Kraaijeveld, Mrs. J.
Kremp, Christoph R.
Krivel, Miss Elaine
Kronbergs, T.E.
Kurumisawa, Yutaka
Kyle, J.C.

Labatt, Robert H.C.
Ladek, Carl H.
Laffey, James V.
Lake, J.F.
Lambert, Michael M.
Lamey, Lawrence
Lammers, Hans
Lamoureux, Robert Edward
Landra, Harry
Landry, A.A.
Lane, Richard J.
Lang, Senator Daniel
Lang, Gordon B.
Langer, H.P.
Langford, G.K.
Langford, H.E., Q.C.
Langford, James A.
Langley, Maj. Arthur J.
Larkin, Montague
Larkin, Robert G.
La Rochelle, A.B.
Larry, Lou
Latornell, Arthur D.
Lau, Miss Lily
Lawer, Cyril J.E.
Lawer, John V., Q.C.
Lawes, Capt. Harold S., C.A.I.B., R.I.A.
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Lawson, Bruce J.
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Lawson, Matthew B.M.
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Learmonth, Col. Wm. R.
Leckie, John L.
Ledgett, Michael F.
Lee, Chang Bum
Lee, Mrs. R.M.
Lee, Robert C.
Legge, J.B.J.
Legrow, Lloyd M.R.
Lehner, Friedrich
Leibel, John L.
Leibel, William
Leluk, Nicholas G., M.S.PHARM., M.P.P.
Leman, Arthur S.
Lemay, R.T.M.
Lemmon, A.H.
Lennie, P.S.
Leonard, Major Gen. W.C.
Leonard, W.G.
Leonidas, Geo. J.
Lepingwell, M.J.
Leppik, John J.
Leskien, Mrs. G.
Leslie, Rev. B.E.
Leslie, Dr. Douglas
Lessman, W.D.
Lester, Cdr. R.M., C.D.
Leverty, Tom
Levin, Jonathan A.
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Lewis, David R.
Lewis, Major R.W., C.D.
Lilley, E.J.S.
Lillico, Lenora G.
Lind, P.
Lindsay, A.F.
Lindsay, Dr. W.R.N.
Lindvik, Gunnar K.
Ling, Winston
Lippens, J. Drummond
Lipsit, E. Cameron
Liscombe, Wm. L.

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Liswood, Sidney
Litch, Richard M.
Little, Brian F.
Littler, W.T.
Lloyd, C.W.
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Lloyd, W. Rowland
Loch, Ernest W.
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Lockyer, Albert
Lodge, L.K.
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Lofquist, J.C.
Loftus, R.G.
Lonergan, W.J.
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Lorie, Richard B.
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Loughrin, Miss Mary A.
Lounsbury, Ian
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Lowndes, R.H.M.
Lucas, D.D.
Lucas, Esther
Lucas, Gordon T.
Ludwig, Doug
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Lyons, J.S.

MacBean, W.H.R.
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MacDonald, Lt. Col. Brian S.
Macdonald, D.E.
MacDonald, Duncan James
MacDonald, Fraser W., Q.C.
Macdonald, G.B.
Macdonald, G.C.
Macdonald, H. Ian
MacDonald, John E.
Macdonald, John W.
Macdonald, Kenneth R.
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MacDonald, Sandra
Macdonald, Trudi
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Mackay, R.J.
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MacKenzie, Mrs. Lynn
Mackenzie, Robert B.
MacKillop, A.M.
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MacKinnon, Douglas
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MacLellan, J. Walter
MacLennan, John
MacMillan, Bruce
MacMillan, George A.
MacMillan, Peter
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MacNaughton, John A.
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Makinson, Wm. J.
Mallatratt, W.A.

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Marchment, W.R.
Marini, Guido
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Marshall, Dr. M.R.
Marshall, T. David
Marshall, Thos. H.
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Martin, Robert
Martin, S.W.
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Mason, R.L.
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Maybin, John E.
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McAlpine, Duncan A.
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McCarthy, J.C.
McCartney, Wm. S.
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McClelland, B.C.
McClelland, J.G.
McClenaghan, H.E.
McClung, Marcia
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McClure, G. Chester
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McCool, Lt. Col. Brian S.
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McCreary, Ivan E.
McCuaig, Bruce W.
McCutcheon, F.Y.
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McDonald, D.F.
McDonald, G. Campbell
McDonald, W.H.
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McDougall, J.R.
McDougall, Shiela M.
McDowell, Gretchen
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McEachren, Lt. Col. F.F.
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McGovern, Ross A.
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McGregor, Robert H.
McGuinness, Michael B.
McHugh, Ignatius
McInnis, Dr. Frank P., F.A.C.O.G.
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McKay, Winfield
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McKennedy, John A.
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McLauchlin, A. Westaway
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McMillan, Donald
McNarry, Commander Brian
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McNeil, J.P.
McNeil, Stanley
McNeillie, George G.
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McNicol, Robert I.
McOuat, D.W.
McOuat, George E.
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McPhail, J.D.
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McPherson, Victor H.
McQueen, Roderick
McQuigg, P.
McQuillan, Mrs. Laura
McQuiston, J.H.
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McVicar, John N.
McVitty, E.H.
McWhirter, Robert James
McWilliams, John B.
Meadows, Roy
Medcof, John C.
Medland, C.E.
Medland, Robert
Meech, R.C., Q.C.
Meech, R.G., Q.C.
Meen, A.K.
Meenan, Dr. John J.
Meggeson, John R.
Megginson, Clifford
Meiklejohn, Dr. R.B.
Mehler, Eckhart
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Meise, Linda K.
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Menzel, D.G.C.
Menzies, Mrs. Brenda
Menzies, J. Alexander
Mercer, A.W.
Mernick, Farley
Merrilees, T.
Mesrobian, Zaven
Meyer, Arnold
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Meynell, David B.
Miano, Donald J.
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Milic, Vladan
Millar, John W.
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Miller, Dr. W.R.A.
Mills, Dr. Clarke
Mills, George E.
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Milne, Douglas G., Q.C.
Missios, Dan
Mitchell, Claude L.
Mitchell, D.R.
Mitchell, G.P.
Mitchell, John F.
Mitchell, Raymond E.
Mitchell, W.T.
Moffatt, Earle E.
Moffatt, Mrs. Faith
Moffitt, Ivan
Mohr, Lionel C.
Moles, John E.
Moll, David
Molnar, A. Tony
Molyneux, Kenneth S.
Mongey, James
Monson, Rabbi David D.
Monteith, N.B.
Montgomery, Lt. Col. M.
Moody, S.D.
Mooney, Gary C.
Moog, Gerhard W.
Moore, J. Patrick
Moore, Stuart E.
Moore, William T.
Moreton, J.P.
Morgan, Robert K.
Morgan, W. Trefor
Morice, Gwynneth E.
Moriyama, Raymond
Morneau, W.F.
Moroney, E.F.P.
Morris, Duncan Bernard
Morris, Edward R.
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Morrison, D.M.
Morrison, Rev. George M.
Morrison, Paul D.
Morrison, Russell J.
Morrow, Graham
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Morton, Judge M.D.
Morton, Murray D.
Moskoff, Franklin R.
Mott, Terence G.
Mottershead, C. Ian
Mould, Lawrence Wm.
Mowat, William John, Jr.
Moyes, Philip
Muir, Mrs. C.A.
Muir, Judith
Mulligan, Dorothy Jean
Mulloy, Mrs. Sadie
Mulrooney, Lt. Col. F.
Muncaster, J.D.
Munn, Charles H.
Munsey, Basil
Murden, K.G.
Murphy, A.P.
Murphy, J.A.
Murphy, J. Clifford
Murphy, Thos. H.
Murray, G.G.
Murray, L.C.
Murrill, Raymond F.
Mussell, G.R.
Mutrie, Fergus
Mutrie, Dr. R.R.
Mylet, Gordon A.
Mylks, Wm. H.

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Naish, J.G.A.
Nakamura, Hideo
Nash, Gordon D.
Nathan, Hartley R.
Naughty, Wayne L.
Neale, John H.
Near, J.D.
Nederpelt, J.H.B.
Needham, Michael J.
Neish, Wm. J.
Nemeth, G. James
Nesbit, Douglas C.
Nesbitt, Grace
Newbery, David
Newbold, Miss Margaret E.
Newman, John B.
Ng, Henry K.C.
Nicholls, Miss Grayburn
Nicholls, Mrs. Irene
Nicholls, S.G., M.B.E.
Nicholson, K.E.
Nickels, Heidi R.
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Nicasia, Guido
Nielsen, Richard
Nielson, J.O.
Nigoghossian, Henry
Nishiyama, Sam H.

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Nodwell, Rev. R. Gorlon
Noonan, James B.
Northey, J.A.
Noseworthy, R.A.
Notzl, Paul
Nowack, Wm. B.

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O'Brien, Charles C.
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O'Connor, Joan
O'Connor, Thomas C.
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Ogilvie, R.E.
Oglesby, Major Roy B.
O'Hara, Kenneth K.
Okada, Fumiya
Oldfield, George
Olivella, John R.
Oliver, T.O.
Ollerenshaw, George
Olsson, Philip J.
Olver, A.S.
O'Malley, Terry
O'Neill, James P.
O'Neill, Rita K.
O'Neill-Sturgess, Karyn
Opler, Paul
Orenstein, Samuel
Osborn, Roderick C.
Osborne, Clare A.
Osler, Patrick C.
Osler, Peter S.
Ostiguy, Lt. Col. J.W.
Otis, Ben
Ottaway, G.W.
Otterbein, John M.
Ovens, Geo., D.F.C., F.C.A.
Owen, John D.
Owen, John E.
Oxley, Frank

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Palmer, John B.
Paradis, Georges, C.D.
Park, Shin Chun
Parker, E.J.
Parker, James E.
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Parkhill, John
Parkin, Barbara A.
Parkin, John C.
Parkinson, John G., Q.C.
Parkinson, Leslie C.
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Parks, Captain Arthur H.
Parkyn, Roger
Parsons, Colin James
Parsons, James
Partington, Eric
Pasternak, Irwin W., Q.C.
Paterson, John A.
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Patterson, H.R., Q.C.
Patterson, Mrs. Maureen
Patterson, Lt. Col. W.E., M.B.E.
Pattison, W.S.
Patton, John A.
Paul, George
Paul, N.P.
Paul, Robert H.
Paul, Sharon
Payne, Harold A.
Payne, Ralph B.
Peachey, Edmund
Peake, Thomas A.
Pearce, Mrs. E.H.
Pearce, Jean
Pearce, Richard C.
Pearson, Edwin
Peatfield, D.E.
Peck, Gordon S.
Pegg, W. Wesley
Pelland, Henri
Pendrith, P.B.
Penfold, Geo. E.
Pepall, Robert L.
Peper, Dirk
Pepper, P.B.C., Q.C.
Pereira, E.C.
Perren, R.B.
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Perry, F.C.
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Perry, J. Harvey
Peterman, A.L.
Petersen, Charles
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Petlock, Bert
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Phillips, J.M.T.
Phillips, L.
Phillips, W.G.
Pierce, D.G.
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Pinelli, Lee Anthony
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Piper, David
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Plouffe, Gene W.
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Popowich, William J.
Poste, Beverley A.
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Powley, B.G.
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Pretty, David W.
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Pringle, Donald M.
Prinsloo, Christo J.
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Prior, John E.C.
Proctor, Mrs. Anne
Proctor, J.S.
Protter, Bernard
Proulx, Rene F.
Pryer, D.A.
Puffer, Dr. A. Douglas
Pullen, William I.L.
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Pyper, D.G.

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Quinn, Findlay J.

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Ramanoel, Christian
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Ray, Louis W.
Rea, Major G.A.G.
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Reason, J.F.
Rebane, Marjorie G.
Rebanks, Leslie
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Redwood, J.A.
Reed, Mrs. K.C.
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Reesor, Lorne J.
Regan, Major N.H.
Reid, Maj. Clarence
Reid, Morgan
Reid, Peter C.
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Reid, Robert J.W.
Reid, Wm. G.
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Reilly, Leonard M.
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Reiss, Joseph

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Rennie, C. Stanley
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Rice, Martyn
Rich, Marvin E.
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Richardson, Thomas Arthur
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Riddell, W.R.
Riediger, P.
Riedl, W.R.
Riegert, John F.
Riehl, Gordon W.
Ripley, T.S.
Risberg, Per
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Ritchie, General Sir Neil
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Robinson, R.A.G.
Robinson, W.A.
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Rodriques, Nancy
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Rogers, George H.
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Rogers, J. Wayne
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Rosenfeld, Joseph
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Ross, Norman A.
Ross, N. William
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Rowcliffe, Katherine
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Roy, Robt. M.
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Russell, Victoria Katherine
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Ryrie, Jack

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Sandori, Paul
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Sawyer, Gerald T.
Scaiff, Eric
Scalf, Gordon W.
Scanlan, Lt. Col. P.D., D.F.C., C.D.
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Scheirer, Lloyd H.
Schleich, Manfred
Schmida, Walter G.
Schoales, Michael
Schoelch, Frank F.
Scott, D.N.
Scott, F.N.
Scott, J.K.
Scott, Michael G.
Scott, Nigel Christian
Scrivener, Mrs. Margaret
Searle, Phillip C.
Sedgwick, G. Gordon
Sedgwick, Miss Jane
Sedgwick, Joseph, Q.C.
Seegmiller, Harold E.
Segsworth, Miss K.J.
Self, R. Harvey
Sellar, G.M.
Sellers, Dr. A.H.
Seltzer, John
Sewell, Wm. S.
Sexton, Thomas J.
Seyfried, Jan A.
Seymour, Harry T.
Shain, Carl Lee
Shand, Mrs. Barbara J.
Share, Geoffrey A.
Sharp, Hon. Mitchell
Sharp, Patricia
Shaughnessy, L.
Shaver, Mrs. H.R.
Shaw, Ian A.
Shaw, Norma L.
Shay, P.G.
Sheeres, T.G.
Shelley, B.H.
Shepard, C.D.
Sheppard, M.E.
Sheppard, Norman T.
Sheppard, Norris E.
Sheridan, William J.
Sherlock, J.F.
Sherwood, Dennis G.
Sherwood, Robert J.
Shewfelt, Henry R.
Shiach, Mrs. Harold A.
Shiner, I.
Shipp, Gordon S.
Shipp, Harold G.
Shirer, J.W.
Shone, Dr. John D.
Short, Norman John
Short, Robert C.
Shroff, Miss Naju
Shulman, Gloria
Shuter, Edwin H.
Sievert, Ms. Helen G.
Sifton, Michael C.
Sigsworth, Oscar T.
Silver, Joseph
Silverstein, Dr. Harry
Simmonds, Mrs. Judy
Simmons, William H.
Simpson, Bernice
Sinclair, Anne
Sinclair, Donald F.G.
Sinclair, G.G.
Sinclair, Mrs. Lynn
Sinclair, M.M.
Sinclair, William R.
Singer, Harry
Sisam, J.W. Bernard
Skil, Major Sonia, C.D.
Skinner, John E.
Skinner, Leonard C.
Slaney, Ms. Beth
Sloan, D.E.
Sloan, Pamela
Smiley, Ross V.
Smith, A.J.
Smith, Donald

Smith, Earl B.
Smith, Gordon E.
Smith, Gordon F.
Smith, Hamish
Smith, Herman M.
Smith, J. Austin
Smith, J. Duncan
Smith, J.H.
Smith, J.K.
Smith, James Allen
Smith, Kenneth B.
Smith, Kenneth G.W.
Smith, Mrs. Kenneth
Smith, Peter B.
Smith, R.K.
Smith, Ray T.
Smith, Russell David
Smith, Shirley K.
Smith, Dr. T.O.
Smith, Dr. W.D.
Smith, Wm. F.R.
Smith, William J.
Smylie, Robert T.
Snelgrove, L.S.
Snell, C.A.
Snell, H.A.
Snell, Paul F.
Snider, Allan F.
Snider, D.R.
Snider, Mel
Sobota, B.M.
Socha, Michel
Solandt, Dr. O.M., C.C.
Somerville, G.M., M.D.
Somerville, William H.
Sone, Shael S., C.A.
Sorbara, Joseph D.
Soward, R.H., Q.C.
Sowden, A.
Sparks, E.G.
Sparks, John M.
Speed, Frank W.
Speirs, N.R.
Spence, George H.
Spence, Mrs. Mary Lou
Spencer, C.R.
Spencer, Dr. Metta
Spratley, George W.H.
Sprawson, Barrie G.
Sprinkle, Donald
Squires, C. Alex
Stackhouse, Reginald F.
Stafford, G.O.
Stafl, Dagmar A.
Stalder, Henri J.
Stam, G.M.
Stanley, Gary R.
Stanton, E.
Stapells, R.B., Q.C.
Stark, Milton J.
Stark, William C.
Steadman, D.J.
Steele, Mr. Justice D.R.
Steele, Gordon G.
Steinbach, C.H.
Steinke, Friedrich
Stephenson, Bette M., M.D.
Stephenson, Robt. W.F.
Stevens, J.H.
Stevens, Peter, M.C., C.D.
Stevens, Sinclair M.
Stevenson, J.D.
Stevenson, Lt. Col. M.A., C.D.
Stevenson, Peggy
Stewart, David B.
Stewart, Dr. Donald A.
Stewart, Dorothy J.
Stewart, George C.
Stewart, Gordon A.
Stewart, Lt. Col. Hugh P.
Stewart, J. Ross
Stewart, W.A.
Stickley, Peter A.C.
Stinson, F.C.
Stinson, Robert V.
Stock, R. Bruce
Stone, Arthur, Q.C.
Storey, Capt. John
Story, R.E.
Strange, Ronald Eric
Strathy, C.M.A.
Strathy, J.G.B.
Strimas, John
Stronach, G.
Strong, D.W.
Strothers, James E.
Stuart, James E.D.
Stuart, Ronald S.
Stubbs, C. John
Stunder, Udo
Sturgess, R.W.J.
Style, H.B.

Styles, R.G.P.
Succamore, Thomas J.
Sugarman, Alan
Sulimiersk, Jacek
Summers, Edward M.
Suzuki, Major George D., C.D.
Swartz, Stan
Swayze, G.W.
Swenson, R.C.
Switzer, Constance E.
Swyer, Dr. Paul R.
Symington, R.
Szego, William

Tabbitt, Peter J.
Tallon, James William
Talanow, N.G.
Tate, Howard A.
Taylor, Alan E.
Taylor, D.R.
Taylor, E.P.
Taylor, Lt. Col. Gordon E.
Taylor, Janet S.
Taylor, John D.
Taylor, John H.
Taylor, Mary Lou
Taylor, P.H.
Taylor, R.N.
Taylor, Richard R.
Taylor, Robt. B.
Teasdale, Mrs. Barton F.
Teasdale, D.N.
Tebbutt, Robert S.
Teitelbaum, Ethel
Telesnicki, Miss J.
Telfer, A.C.
Telfer, G.R., C.D.
Tellier, Henri
Temple, W.M.
Templeton, Dorothy
Tenenbaum, H. Wayne
Teplin, Edith
Teresko, Peter
Thickett, Francis G.
Thomas, Miss Gwen
Thomas, Mrs. H.E.
Thomas, Reginald J., C.A.
Thompson, A.D.
Thomson, D.R.
Thompson, J.W., Q.C.
Thompson, K.S.
Thompson, T.R.
Thompson, Terence W.
Thompson, Warren
Thomson, P.F.
Thomson, Robert G.
Thomson, Ronald L.
Thornley-Hall, Ivan
Tigert, Douglas J.
Timbrell, Dennis R.
Tivy, R.C.
Tobias, Fulton G.
Tolfree, Jack
Tomlinson, J.M.
Tonks, C. Alan
Topp, Robert M.
Torrance, Miss Norma
Torrie, Fraser G.
Townrow, Ms. Barbara
Tremayne-Lloyd, Tracey
Travolo, Ed.
Trimmer, Mrs. Joyce
Trofimenko, Mrs. Martha
Troop, Fred J.
Trott, Ronald J.
Troubetzkoy, Michel
Trow, Timothy
Troyer, F.L.
Troyer, Joseph A.
Trull, J. Richard
Tsakok, Raoul N.
Tuck, Mrs. Gladys
Tugham, Samuel
Turnbull, J.C.
Turnbull, W.G.
Turner, J.R.A.
Turner, Mark C.
Turner, Ms. Silvana M.
Turner, W.I.
Turvey, A.J.S.
Twaits, W.O.
Tye, Harry T.
Tyers, Terrence
Tyrrell, Jack G.

Ulan, S.J.
Upson, W.T.
Upstone, Ewart K.
Urquhart, Norman A.

Vadron, Miss Ditta E.
Valentine, Ms. Lorraine S.
Valiant, John T.
van Banning, A.H.M. Claus
van Beek, Stephen
Van Damme, Paul J.
Vanderheyden, John
van der Hoop, J.
Vanek, Mrs. M.
Van Every, Alan
Van Kessenich, Edward M.
Van Nostrand, I.N.
Vanstone, F.S.
Van Valkenburg, Burke
Van Wouw, Miss Madeleine
Varga, Andre, O.B.E.
Varma, Dr. Devendra P.
Venn, Al
Vercaigne, Gerry J.
Vernon, G.P.H.
Verveen, Arend C.
Vincent, Mrs. R.L.
Vivash, Mrs. Barbara
von Hagens, Mrs. Ursula
von Herrmann, Silvester
von Zuben, Ross

Wadds, Mrs. Jean
Wadland, J.B.
Wadsworth, J. Page R.
Wadsworth, Kenneth R.
Wakim, A. Samuel
Walker, A.R.
Walker, C.G.
Walker, Senator The Hon. D.J., P.C., Q.C.
Walker, David J., Jr.
Walker, E. Maxwell
Walker, J.B.
Walker, Mrs. Lillian
Wall, T.P.
Wallace, Brig. F.G.
Walmsley, Dr. Douglas P.
Walsh, Reginald F.
Walton, Chas. A.
Walton, Frank
Walton-Ball, Dr. H.G.
Wansbrough, J.C.C.
Ward, D.H.
Ward, Major Francis N.
Ward, G.H.
Ward, Ray
Wardle, T.A.
Wardle, Thomas Alfred, Jr.
Warren, Cynthia B.
Warren, Donald P.
Warren, Mrs. E. Ruth
Warren, E.W.
Warren, Roger W.
Warwick, S.F.
Wason, J.S.M.
Wasylenko, Dr. John
Waters, P.D.
Watkins, John C.
Watkins, Malcolm F.
Watson, Alan Graeme
Watson, Albert G.
Watson, George F.
Watson, John H.
Watson, Kenneth M.
Watson, Dr. Peter
Watson, Thomas W.
Watt, F. Bartlett
Watt, Rev. J. Robert
Watt, Robert C.
Waugh, Donald A.
Weaver, John L.
Webb, Anthony A.
Webb, Cecil F.
Webb, Richard S.
Webb, Thomas R.
Weber, George
Webster, L.C.
Weddigen, Mrs. Louise
Wees, Dr. W.R.
Wegg, George S.
Weichel, E.H.
Weir, J. Clifton
Weir, Lt. Col. J.R., C.D.
Weiss, Don
Weiss, Miss Margery
Weissman, Dr. E.J.H.
Welldon, Wilfred
Weller, Robert K.
Wells, Hon. D.C.
Wells, Miss Loren A.
Wells, Lorne, C.A.
Wells, Hon. T., M.P.P.
Weninger, W.L.
Wenzel, J.S.

Wesley, John F.
West, John R.
West, R. Bruce
Westaway, Mrs. Nancy L.
Westcott, Clare
Western, E.A.
Weylie, Wallace J.
Wheat, F.T.
Whelpton, Michael G.
White, C.E.
White, Geoffrey B.
White, Henry L.E.
White, John
White, Nora
White, Paul C.
White, R. Scott
White, William F.
Whiteacre, J.A. William
Whiteway, Linda G.
Whitman, Reginald
Whitten, John A.
Wickens, Ewart A.
Wicklum, L. Earle
Wigle, J.J.
Wilder, W.P.
Wildman, A.C.L.
Wilkes, David H.
Wilkins, D.J.
Wilkinson, Rt. Rev. F.H.
Willcocks, E.R.
Willemsen, Richard M.
Willer, Nancy Waite
Williams, Beth D.P.
Williams, David J.
Williams, Edna Margaret
Williams, Frederick F.
Williams, John E.
Williams, John W.V.
Williams, P.C.
Williams, Ridley
Willis, B.G.
Willis, E.I.
Willis, Richard B.
Williston, W.B.
Willson, Bruce F.
Wilson, D.J.
Wilson, Frank L.
Wilson, Geo. A.
Wilson, Glen A.
Wilson, James
Wilson, John
Wilson, Marie
Wilson, R.C.G.
Wilson, R.F.
Wilson, Robert D.
Wilson, Stephen R.
Wilson, Susan S.
Wilson, W.R.
Wilton, Murray A.
Wilton, Norman F.
Wilton-Siegel, H.J.
Winship, R.C.
Wishart, A.A., Q.C.
Wolfman, Bertrand
Wong, Miss E. Jean
Wong, Miss Pamela
Wong, Peter
Wood, Alan
Wood, Clarence F.
Wood, G.H.
Wood, James
Wood, Jean C.
Woodall, Leighton Ronald
Woodcock, Frank W.
Woodhouse, Rosemary
Woodman, Robert H.
Woodroofe, G.T.N.
Woods, George W.
Woollcombe, M. Julia
Woolley, Robert J.
Woolnough, Peter F.
Wootten, G.A.
Worrall, James, Q.C.
Wright, Alex J.
Wright, Dr. Douglas
Wright, G.A.
Wright, Gerald C.V.
Wright, J.R.
Wright, R.K.
Wright, Raymond G.
Wright, W.N.
Wright, Wilfred J.
Wyatt, Alan
Wyatt, H.L.
Wychowanec, Miss S.J., Q.C.

Yanagisawa, Takao
Yaremko, John, Q.C.
Yeats, William B.
Yocom, Paul A.
Yolleck, Ben A.

Yolleck, Daniel N.
Yontef, Marvin
York, Mrs. Joan

Young, Frank A.
Young, Rev. Geo.
Younger, J.W., Q.C.

Zahumeny, S.
Zeeb, Pamela
Zeldin, John L.
Zilli, Elio P.
Zisman, Dr. Stephan S.
Zlamal, Miloslav
Zuppinger, Walter U.

AUDITORS' REPORT

To the Members,
The Empire Club of Canada,
TORONTO, Ontario

We have examined the Balance Sheet of The Empire Club of Canada as at 30th April, 1978 and the Statement of Income and Accumulated Surplus for the year then ended. Our examinaiton was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these Financial Statements present fairly the financial position of the Club as at 30th April, 1978 and the results of its operations for the year then ended in accordance with generally accepted accounting principles appropriate for non-commercial organizations, applied on a basis consistent with that of the preceding year.

LEMAY AND PEACOCK
Chartered Accountants.
Honorary Auditors.

TORONTO, Ontario
26th June, 1978

THE EMPIRE CLUB OF CANADA

STATEMENT OF INCOME AND ACCUMULATED SURPLUS FOR THE YEAR ENDED 30TH APRIL, 1978

	1978	1977
Income:		
Membership Fees (including Life Membership Fees, $700, [1977—$400])	$42,962	$36,955
Luncheons, Net	7,640	7,528
Interest:		
General	2,464	2,883
Life Membership Fund	599	945
Other	292	1,072
	$53,957	$49,383
Expense:		
Members' Notices	$19,435	$17,848
Office Salaries and Employee Benefits	15,098	12,367
Year Book	6,430	8,946
Publicity and Promotion	1,228	1,614
Printing, Stationary and Postage	5,062	3,576
Rent, net	1,325	1,050
Meeting	2,926	1,761
Office and General	1,365	679
Telephone	996	784
	$53,865	$48,625
Net Income for Year	$ 92	$ 758
Accumulated Surplus at beginning of year	16,641	15,883
Accumulated Surplus at end of year	$16,733	$16,641

THE EMPIRE CLUB OF CANADA

BALANCE SHEET AS AT 30TH APRIL, 1978

ASSETS	1978	1977
Current:		
Cash	$36,449	$37,937
Accounts Receivable	792	556
Inventory of Club Ties, at cost	—	1,008
	$37,241	$39,501
Government of Canada Bonds, 4½, 1983, at cost (Market Value $4,950 [1977—$5,040])	5,757	5,757
Office Furniture and Equipment, at nominal value (Note 1)	1	1
	$42,999	$45,259

LIABILITIES	1978	1977
Current:		
Accounts Payable and Accrued	$ 6,324	$ 2,973
Due to The Empire Club Foundation (Note 1)	8,020	13,500
Membership Fees and Luncheon Tickets Paid in Advance	1,922	2,145
	$16,266	$18,618

MEMBERS' EQUITY	1978	1977
Life Membership Reserve Fund (Note 2)	$10,000	$10,000
Accumulated Surplus	16,733	16,641
	$26,733	$26,641
	$42,999	$45,259

On behalf of the Board

Jerry A. Collins } Directors
Douglas L. Derry, C.A. }

THE EMPIRE CLUB OF CANADA

NOTES TO FINANCIAL STATEEMNTS—30TH APRIL, 1978

NOTE 1 — Accounting Policies:

Office Furniture and Equipment is recorded at nominal value and additions are charged to expense in years acquired.

The estimated charge from The Empire Club Foundation for the cost of supplying the Membership with the Year Book of the current year is accrued each year.

NOTE 2 — Life Membership Fund:

This Fund was created by appropriation from Accumulated Surplus as at 30th April, 1975 in order to provide a continuing income to sustain the membership costs of Life Members.

NOTE 3 — Lease Commitment:

The Club occupies office space under a five year lease terminating on 30th September, 1982. Annual Rental Charges under this lease for the fiscal years are:

1979	$4,091
1980	4,353
1981	4,616
1982	4,878
1983 (5 months)	2,078

THE EMPIRE CLUB FOUNDATION

It is an honour to report as Chairman of The Empire Club Foundation for the year ending 30 April 1978. We are most grateful to our founding Chairman, John Griffin, who served in that appointment from 1970 to 1977 and continues with the Foundation as Past President. At the Christmas luncheon last year, Mr. Griffin was recognized by the Club and received a personal gift from the Directors of the Foundation as a mark of our esteem for his great services.

As was reported in 1977, we are publishing in this Yearbook the names of all contributors for the period from September 1, 1976 to April 30, 1978. We are indebted as a registered charitable foundation to our benefactors and donors for publishing the Yearbook and distributing it freely to the 4,000 libraries from coast to coast in Canada, including public, university, college and high school libraries.

As funds are donated, the Foundation proposes to undertake other activities for the intellectual and patriotic life of Canada. Next year we will publish a special book marking the Club's 75 years as a great Canadian forum and showing our Canadian evolution from the days of Empire in 1903 to our present state. Mr. Scott Young, a distinguished Canadian writer and journalist, has agreed to write our commemorative book using the Club's 75 years of speeches as his prime research material. He will deal with such theme subjects as Canadian-American Relations, Empire to Commonwealth, Quebec, Trade, Defence, Foreign Affairs and Canada's Wars.

Above all, we thank our supporters for their generosity to The Empire Club Foundation.

B. J. Legge
President

DIRECTORS

B.J. Legge, Q.C., President
H.N.R. Jackman, Vice-President
John W. Griffin, Past President
R.B. Stapells, Q.C., Honorary Secretary
Robert H. Hilborn, Honorary Treasurer

Donald S. Anderson
Robert L. Armstrong
Sir Arthur Chetwynd, Bt.
Fraser Deacon
Marvin Gelber
C. Warren Goldring
Graham M. Gore
Peter Hermant
John D. Herrick
Charles C. Hoffman
P.W. Hunter
John Irwin
Arthur J. Langley
H. Allan Leal, Q.C.
Hartland M. MacDougall
Donald G. Neelands
Joseph Potts, Q.C.

BENEFACTORS

September 1, 1976 to August 31, 1977

Alberta Gas Trunk Line Company Limited
Algoma Central Railway

Bank of Montreal
Bank of Nova Scotia
Bralorne Resources Limited
Brascan Limited
Burns Foods Limited

Canada Packers Limited
Canada Permanent Mortgage Corporation
Canada Steamship Lines Ltd.
Canadian General Electric Company Limited
Canadian Imperial Bank of Commerce
Canadian National Railway Company
Canadian Reinsurance Co.
Canadian Tire Corporation
Commercial Union Assurance Company
Credit Foncier Franco-Canadien

Dale & Company Limited
Dominion of Canada General Insurance Company
Dominion Securities Corporation

Empire Club of Canada

Erco Industries Ltd.
Fidelity Mortgage & Savings Corporation

General Mills Canada Ltd.
Goldring, C.W.
Grafton Group Limited
Griffin, John W.
Guaranty Trust Company

Harlequin Enterprises Ltd.
Hilborn, Robert H.

Imperial Oil Limited
Imperial Optical Co. Ltd.
Inwood, A.E.M.

Jupp, Donald H.

Kodak Canada Limited

Legge, B.J.
Legge, W.R.

Madsen Red Lake Gold Mines Limited
Magna International Inc.
McIntyre Mines Limited
McLaughlin, S.B. Associates Limited
Minas Basin Pulp & Power Co. Ltd.
Molson Companies Donation Fund
Multiple Access Limited

Redpath Industries Limited

Reed Shaw Stenhouse Limited
Rothmans of Pall Mall Canada Limited
Royal Bank of Canada
Royal Insurance Company of Canada
Royal Trust Company
Royal York Hotel

St. Lawrence Starch Co. Ltd.
Seagram, The House of, Limited
Scott Misener Steamships Limited
Southam Press Limited
Steel Company of Canada
Stapells, R. Bredin
Sumcot Development Corp.

Talcorp Associates Limited
Teck Corporation Limited
Toronto Dominion Bank
Trans Canada Pipe Lines

Walker, Hiram & Sons Ltd.
Westcoast Transmission Company Limited

September 1, 1977 to April 30, 1978

Consolidated Bathurst Ltd.
Empire Club of Canada
Imperial Optical Co. Ltd.
Richardson Securities
Shell Canada Resources Ltd.
TWC Television Limited (Rogers)
Victoria & Grey Trust Co.

DONORS

September 1, 1976 to August 31, 1977

Adamson Associates
Armstrong, R.L.

Bath, D.H.W.

Canada Malting Co. Limited
Celanese Canada Limited

Deacon, Fraser

Gelber, Marvin
Globe & Mail
Gore, Graham M.

Howse, Thomas H.

I.A.C. Limited
Imasco Limited
INCO Limited

Kent, J. Palmer

Littler, W.T.
Lockhart, D.A.

Love, Gage H.

Marshall, Dr. M.R.
Mack Trucks Canada Limited
Maple Leaf Mills Limited
Massey-Ferguson Limited
Munich Reinsurance Co.

National Life of Canada

Ontario Jockey Club

Royce, E.A. (In Memory)

Sunoco Inc.

Thompson, E. F.
Troyer, J. A.

Wasteneys, J.G.Y.
Wertheim, Harrie Limited
Weston, George Limited

September 1, 1977 to April 30, 1978

Chetwynd Films
Marvin Gelber
C.C. Hoffman

National Life Assurance Co.
Leslie Phillips

AUDITORS' REPORT

To the Members of
The Empire Club Foundation

We have examined the balance sheets of The Empire Club Foundation as at April 30, 1977 and April 30, 1978 and the statements of income and expenses and surplus (deficit) for the years then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of The Empire Club Foundation as at April 30, 1977 and April 30, 1978 and the results of its operations for the years then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

SMITH, NIXON & CO.
CHARTERED ACCOUNTANTS

TORONTO, June 29, 1978

THE EMPIRE CLUB FOUNDATION

STATEMENT OF INCOME AND EXPENSES AND SURPLUS (DEFICIT) FOR THE YEAR ENDED APRIL 30, 1977

	1977	1976
Income		
Donations	$15,015	$19,840
Interest earned	18	415
	15,033	20,255
Expenses		
Stationery and postage	628	313
Year book expense	22,638	21,416
	23,266	21,729
Excess of expenses over income for the year	8,233	1,474
Surplus—beginning of year	846	2,320
Surplus (deficit)—end of year	($ 7,387)	$ 846

See accompanying note.

THE EMPIRE CLUB FOUNDATION

BALANCE SHEET AS AT APRIL 30, 1977

ASSETS	1977	1976
Current Assets		
Bank	$ 604	$ 1,156
Deferred year book expense	648	555
	$ 1,252	$ 1,711
LIABILITIES		
Current Liabilities		
Accounts payable	$ 8,639	$ 865
MEMBERS' EQUITY (DEFICIENCY)		
Surplus (deficit)	(7,387)	846
	$ 1,252	$ 1,711

Signed on behalf of the Board

J.W. Griffin }
Robert H. Hilborn } Directors

See accompanying note.

NOTE TO FINANCIAL STATEMENTS
APRIL 30, 1977

SIGNIFICANT ACCOUNTING POLICIES

(a) The Foundation recognizes income from donations when received.

(b) The Foundation recognizes other income and expenses as earned or incurred.

THE EMPIRE CLUB FOUNDATION

STATEMENT OF INCOME AND EXPENSES AND SURPLUS (DEFICIT)
FOR THE YEAR ENDED APRIL 30, 1978

Income	1978	1977
Donations—		
The Empire Club of Canada	$11,000	$ —
Other	19,723	15,015
Interest earned	31	18
	30,754	15,033
Expenses		
Stationery and postage	635	628
Year book expense	22,954	22,638
	23,589	23,266
Excess of income over expenses (expenses over income) for the year	7,165	(8,233)
Surplus (deficit)—beginning of year	(7,387)	846
Deficit—end of year	$ (222)	$(7,387)

See accompanying note.

THE EMPIRE CLUB FOUNDATION

BALANCE SHEET AS AT APRIL 30, 1978

ASSETS

	1978	1977
Current Assets		
Bank	$ 3,144	$ 604
Deferred year book expense	748	648
	$ 3,892	$ 1,252

LIABILITIES

	1978	1977
Current Liabilities		
Accounts payable	$ 4,114	$ 8,639

MEMBERS' DEFICIENCY

	1978	1977
Deficit	(222)	(7,387)
	$ 3,892	$ 1,252

Signed on behalf of the Board

B.J. Legge
Robert H. Hilborn } Directors

See accompanying note.

NOTE TO FINANCIAL STATEMENTS
APRIL 30, 1978

SIGNIFICANT ACCOUNTING POLICIES

(a) The Foundation recognizes income from donations when received.

(b) The Foundation recognizes other income and expenses as earned or incurred.